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National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Southeast Regional Office
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10/06/2026

F/SER24:DL

Ms. Willa Brantley
Office of Coastal Resources Management
Mississippi Department of Marine Resources
1141 Bayview Avenue
Biloxi, MS 39530

Dear Ms. Brantley:

This is to advise you of a proposed federal action and the conclusion of NOAA's National Marine Fisheries Service (NMFS) on the consistency of such action with the provisions of your state's Coastal Zone Management Program (CZMP) in accordance with the Coastal Zone Management Act (CZMA). Pursuant to the action requested by the Gulf Council (Council) through Amendment 63 to the Fishery Management Plan for the Reef Fish Resources (Reef Fish FMP) of the Gulf (Amendment 63), NMFS would promulgate regulations to establish a quota pool pilot program by setting aside a portion of the increase in red grouper commercial quota under Amendment 62 to the Reef Fish FMP. This three-year pilot program is intended to run from 2027 to 2029, using the increase in red grouper quota as an opportunity to test a new method to improve access to red grouper allocation for some participants in the Grouper-Tilefish Individual Fishing Quota program and reduce bycatch of red grouper. Amendment 63 can be found at: https://www.fisheries.noaa.gov/action/gulf-amendment-63-red-grouper-commercial-quota-pool-under-grouper-tilefish-individual.

This letter is submitted pursuant to provisions of 15 CFR Section 930, Subpart C "Consistency for Federal Agency Activities" and Section 307 of the CZMA of 1972, as amended. We have reviewed the proposed action with regard to the provisions of your state's CZMP and determined this action is consistent to the maximum extent practicable with the enforceable policies of that program. We are requesting you advise us of your agreement or disagreement with our determination in accordance with the provisions of 15 CFR Section 930.39. In the event there is no response from your agency within 60 days of receipt of this letter, we will presume your agency's concurrence with our determination of consistency in accordance with 15 CFR Section 930.41.

If you have any questions, please contact Dan Luers at (727) 824-5305 or by email at Daniel.Luers@noaa.gov.

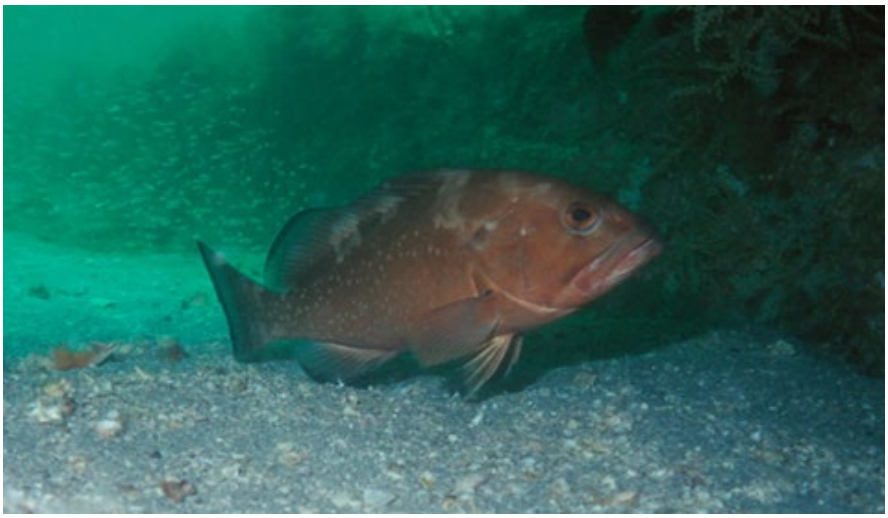
Sincerely,

Heather Blough
Assistant Regional Administrator for Sustainable Fisheries

cc: Jennifer Wittman
Joe Spraggins
Rick Burris

09/30/2026

Red Grouper Commercial Quota Pool Under the Grouper/Tilefish Individual Fishing Quota Program



Amendment 63

to the Fishery Management Plan for the Reef Fish Resources of the Gulf

October 2026

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ABBREVIATIONS USED IN THIS DOCUMENT

ABC	acceptable biological catch
ACL	annual catch limit
ACT	annual catch target
AM	accountability measures
APAIS	Access Point Angler Intercept Survey
BiOp	biological opinion
CFR	code of federal regulations
COI	certificate of inspection
Council	Gulf Council
Councils	Gulf and South Atlantic Fishery Management Councils
CZMA	Coastal Zone Management Act
DPS	distinct population segments
DWG	deep-water grouper
DWH	Deepwater Horizon
E.O.	Executive Order
EA	Environmental Assessment
EEZ	exclusive economic zone
EFH	Essential Fish Habitat
EIS	economic impact statement
ESA	Endangered Species Act
FES	Fishing Effort Survey
FHS	for-hire survey
FL	fork length
FMP	Fishery Management Plan
FWC	Florida Fish and Wildlife Conservation Commission
GFMC	Gulf Fishery Management Council
GG	Gag Grouper
GGM	gag multi-use
GMFMC	Gulf of Mexico Fishery Management Council
GSAD	Gulf and South Atlantic Dealers
GT	grouper-tilefish
Gulf	Gulf of America (Formerly Gulf of Mexico)
gw	gutted weight
HAPC	habitat areas of particular concern
IFQ	individual fishing quota
IRFA	initial regulatory flexibility analysis
Magnuson-Stevens Act	Magnuson-Stevens Fishery Conservation and Management Act

MMPA	Marine Mammal Protection Act
mp	million pounds
MRIP	Marine Recreational Information Program
MSST	minimum stock size threshold
NAICS	North American Industry Classification System
NMFS	National Marine Fisheries Service
NOAA	National Oceanic and Atmospheric Administration
OFL	overfishing limit
OMB	Office of Management and Budget
PS	producer surplus
Reef Fish FMP	Fishery Management Plan for the Reef Fish Resources in the Gulf
RFA	Regulatory flexibility analysis
RFFA	reasonably foreseeable future actions
RG	red grouper
RGM	red grouper multi-use
RIR	Regulatory Impact Review
RQ	regional quotient
RS	red snapper
SBA	Small Business Association
SEDAR	Southeast Data, Assessment, and Review
SEFSC	Southeast Fisheries Science Center
SERO	Southeast Regional Office
SRFS	State Reef Fish Survey
SSC	Scientific and Statistical Committee
SWG	shallow-water grouper
TAC	total allowable catch
TF	tilefish
TL	total length
VMS	vessel monitoring system

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FISHERY IMPACT STATEMENT

The Magnuson-Stevens Fishery Conservation and Management Act requires that a fishery impact statement (FIS) be prepared for all amendments to fishery management plans. The FIS contains an assessment of likely effects, including the biological, economic, and social effects of the conservation and management measures on, and possible mitigation measures for: 1) fishery participants and their communities; 2) participants in the fisheries conducted in adjacent areas under the authority of another Fishery Management Council; and 3) the safety of human life at sea. Detailed discussion of the expected effects for all proposed changes is provided in Chapter 4. The FIS provides a summary of these effects.

Amendment 63 to the Fishery Management Plan for the Reef Fish Resources of the Gulf (Reef Fish FMP) considers three actions, Action 1 would establish a three-year commercial quota pool for Gulf of America (Gulf) red grouper beginning in 2027. **Preferred Alternative 4, Preferred Option 4e** would set the quota pool at zero percent (zero pounds) if the commercial annual catch target (ACT or quota) is at or below 4.28 million pounds (mp) gutted weight (gw). If the commercial quota is above 4.28 mp gw, the quota pool would hold 50% of the commercial red grouper quota increase above 4.28 mp gw, which would be 275,000 pounds (lb) gw in 2027 and 545,000 lb gw in 2028 and 2029.

Action 2 would establish eligibility criteria for participation in the red grouper quota pool. **Preferred Alternative 2, Preferred Option 2b** would create a minimum threshold to receive annual allocation from the quota pool. Individual fishing quota (IFQ) account holders must possess a valid or renewable federal commercial reef fish permit and have minimum red grouper landings during a two-year reference period of at least 500 lb gw.

Action 3 **Preferred Alternative 3, Preferred Option 3a(ii)** would distribute 50% of the quota pool allocation proportionally among active IFQ accounts with a valid or renewable commercial reef fish permit and red grouper landings within the reference period, but with no red grouper shares. **Preferred Alternative 3, Preferred Option 3b(ii)** would distribute the other 50% of the quota pool allocation proportionately among active IFQ accounts with a valid or renewable commercial reef fish permit, red grouper landings within the reference period, and with red grouper shares. Ten percent of the quota pool allocation would initially be set aside from quota pool distribution for appeals.

Physical/Biological Effects

The three actions in Amendment 63 would only affect how red grouper commercial fishermen receive available quota. Thus, this amendment is not expected to change how the reef fish fishery, which is a multi-species fishery, is prosecuted as a whole. No negative physical or biological effects on red grouper are expected because removals are projected to be sustainable based on the results of the SEDAR 88 stock assessment.

Economic Effects

The suite of preferred alternatives selected in Actions 1, 2, and 3 would increase access to red grouper annual allocation for some IFQ accounts with red grouper shares eligible to receive allocation from the pool. Because accounts without red grouper shares do not contribute to the pool, all accounts without shares that receive allocation would benefit from increased access to red grouper allocation. The amounts distributed to individual accounts and potential changes in access to red grouper allocation can only be computed once the quota pool is implemented and actual numbers of accounts eligible to receive allocation are determined. Regardless of the final number of IFQ accounts receiving allocation from the pool, adverse economic effects to the commercial sector are not expected to result from the pilot quota pool because the totality of the red grouper commercial quota will remain within the sector. Economic benefits would be expected to result from the quota pool because it redirects quota away from accounts less likely to transfer or harvest the entirety of their allocation (or not utilizing it at all) towards accounts utilizing allocation at a higher rate. In addition, the evaluation of the quota pool program may result in recommendations that could improve the future management of IFQ programs in the Gulf.

Social Effects

Action 1 of this amendment would result in a portion of each year's commercial red grouper quota to be set aside from 2027-2029. This set-aside amount would not be distributed based on share percentage, which is how pounds of allocation are typically distributed within the Gulf IFQ programs. This set-aside amount would be used to establish a quota pool. Action 2 sets the eligibility criteria through which participants would qualify to receive allocation from the quota pool. Action 3 sets how the pounds of allocation in the quota pool would be distributed to eligible participants. As each action builds upon the other, any social effects would be experienced as a result of the combination of all three actions.

It is unlikely that there would be direct long-term social effects of this red grouper quota pool, as the program is designed to last for a three-year period. It is likely that eligible fishery participants that typically need to seek out additional allocation would benefit in the short-term, as they would be awarded pounds of allocation during this period proportional to their landings history. Eligible shareholding participants may or may not benefit depending on their landings histories and their shareholding percentage. If the amount of allocation that they would receive from the quota pool is higher than the amount that would be withheld from distribution based on their share percentage, then they are likely to benefit from this program. Ineligible shareholding participants will experience this program negatively, as a portion of the anticipated quota increases will not be distributed to their shareholding accounts. These participants will still receive more allocation than previously, due to the increased quota available for distribution to shares compared with the current quota of 2.79 mp.

The red grouper quota pool is a pilot program and is designed to test a new method of distribution within the IFQ program. The pilot program is designed in such a manner that metrics can be measured during the three years and compared to previous years. These metrics

will be reviewed and evaluated in regard to their biological, social, and economic impacts at the conclusion of the program. Without a precedent, any indirect or long-term social effects on fishery participants for a program explicitly designed to test a new distribution mechanism would be hypothetical.

The Gulf red grouper stock is managed under the Gulf Council's Reef Fish FMP, and thus actions in this amendment are not expected to impact fishery participants in other Councils' jurisdictions. There are no expected effects on safety at sea, as this pilot program is not expected to change how the reef fish fishery, or the red grouper component of that fishery, is prosecuted as a whole.

CHAPTER 1. INTRODUCTION

1.1 Background

The Southeast Data, Assessment, and Review (SEDAR) 88 (2025) stock assessment for Gulf of America (Gulf) red grouper indicated the stock was not overfished or undergoing overfishing. This assessment used updated recreational catch and effort data produced by the Florida State Reef Fish Survey (SRFS), the Marine Recreational Information Program (MRIP) Access Point Angler Intercept Survey (APAIS), the MRIP Fishing Effort Survey (MRIP-FES), the MRIP For-Hire survey (MRIP-FHS), the Southeast Regional Headboat Survey, the Texas Parks and Wildlife Department survey, and the Louisiana Creel survey. Based on the results of the new assessment, the Gulf Council's (Council) Scientific and Statistical Committee (SSC) recommended increasing the Gulf red grouper overfishing limit (OFL) and acceptable biological catch (ABC). The Council developed Amendment 62 to the Fishery Management Plan (FMP) for the Reef Fish Resources of the Gulf (Reef Fish FMP) to address the new catch level advice and approved the amendment for review and implementation in January 2026. If implemented, Amendment 62 would increase the total annual catch limit (ACL) for red grouper to 6.62 million pounds (mp) gutted weight (gw) in 2026, 7.45 mp gw in 2027, and 8.28 mp gw in 2028 and subsequent years. Amendment 62 would increase the total commercial quota from 2.79 mp gw to 4.28 mp gw in 2026, 4.83 mp gw in 2027, and 5.37 mp gw in 2028 and subsequent years.

In anticipation of the substantial commercial quota increase in Amendment 62 and the desire to improve opportunity for participants to enter the Grouper-Tilefish Individual Fishing Quota (GT-IFQ) program and reduce red grouper bycatch, the Council developed this amendment, which would establish a quota pool pilot program by setting aside a portion of the red grouper commercial quota. The allocation in the quota pool would be redistributed on an annual basis for three years (2027-2029), with its own allocation category and would be non-transferable. This amendment considers alternatives for set-aside amounts, the eligibility criteria for participation in the quota pool program, the percentages of the quota pool to be distributed into sub-pools based on share status, and the method to determine individual distribution to accounts within each sub-pool. This quota pool is intended to be a three-year pilot program from 2027 to 2029, using the substantial increase in red grouper commercial quota as an opportunity to test a new mechanism to distribute a portion of the quota, with the intention to improve opportunities for participation in the GT-IFQ program and reduce bycatch and discards of red grouper. Although this quota pool program sets aside a portion of allocation, the majority of commercial red grouper quota would continue to be distributed based on share ownership.

Red Grouper in the Grouper-Tilefish IFQ Program

There are two IFQ programs in the Gulf. Amendment 26 to the Reef Fish FMP[1] (GMFMC 2006) established the Red Snapper IFQ (RS-IFQ) program, and Amendment 29 to the Reef Fish

[1] Amendment 26: Establish a Red Snapper Individual Fishing Quota Program
http://www.gulfcouncil.org/Beta/GMFMCWeb/downloads/Amend26031606FINAL.pdf

FMP[2] (GMFMC 2008) established the GT-IFQ program. The GT-IFQ program began on January 1, 2010. The GT-IFQ program is a multi-species program with five distinct share categories. Red grouper constitutes the GT-IFQ share category with the highest historic landings and ACLs. Table 1.1.1 displays the current reef fish species and share categories in the GT-IFQ program.

Table 1.1.1. Reef fish species and share categories in the GT-IFQ program.

IFQ Category	Species
Gag (GG)	Gag
Red Grouper (RG)	Red grouper
Deep-water Grouper (DWG)	Snowy grouper
	Speckled hind
	Warsaw grouper
	Yellowedge grouper
Other Shallow-water Grouper (SWG)	Black grouper
	Scamp
	Yellowfin grouper
	Yellowmouth grouper
Tilefishes (TF)	Blueline tilefish (grey)
	Golden tilefish
	Goldface tilefish

Anyone commercially fishing for red grouper must possess a commercial reef fish vessel permit, an IFQ shareholder, vessel account, and red grouper allocation under the IFQ program. IFQ allocation is determined at the beginning of each calendar year by multiplying a shareholder's IFQ red grouper share (represented as a percentage of the total commercial quota) multiplied by the commercial annual quota for red grouper. IFQ allocation may be transferred among eligible IFQ participants. The IFQ quota may be increased during a calendar year but may not be decreased, as allocation is distributed on January 1. The commercial annual catch target (ACT), or quota, is set at 5% below the ACL. The difference between the commercial ACL and quota serves as a buffer which allows for multi-use allocation, as described below. The IFQ program acts as the accountability measure for the commercial red grouper portion of the reef fish fishery.

Red Grouper Multi-use Allocation

At the beginning of the year when the commercial quota for red grouper is distributed to IFQ shareholders, a percentage of each shareholder's initial red grouper allocation is converted to red grouper multi-use allocation. This percentage is determined by a formula based on the red grouper and gag ACLs and quotas each year (Section 2.1; GFMC 2026a). Red grouper multi-use allocation may be used to possess, land, or sell either red grouper or gag under certain

[2] Amendment 29: Effort Management in the Commercial and Tilefish Fisheries
http://gulfcouncil.org/Beta/GMFMCWeb/downloads/Final%20Reef%20Fish%20Amdt%2029-Dec%2008.pdf

conditions. Red grouper multi-use allocation can only be used to possess, land, or sell red grouper after an IFQ account holder's (shareholder and associated vessel accounts) red grouper allocation has been landed and sold, or transferred; and to possess, land, or sell gag, only after both gag and gag multi-use allocation have been landed and sold, or transferred from all the IFQ account holder's associated accounts. However, if gag is under a rebuilding plan, the percentage of red grouper multi-use allocation is equal to zero. Gag is currently under a rebuilding plan, thus red grouper multi-use allocation is currently set to zero.

Gag Multi-use Allocation

At the beginning of the year when the commercial quota for gag is distributed to IFQ shareholders, a percentage of each shareholder's initial gag allocation (GG) is converted to gag multi-use allocation (GGM). This percentage is determined by a formula based on the gag and red grouper ACLs and annual quotas (Section 2.1; GFMC 2026a). Gag multi-use allocation may be used to possess, land, or sell either gag or red grouper under certain conditions. Gag multi-use allocation can only be used to possess, land, or sell gag after an IFQ account holder's (shareholder and associated vessel accounts) gag allocation has been landed and sold, or transferred; and to possess, land, or sell red grouper, only after both red grouper and red grouper multi-use allocation have been landed and sold, or transferred from all the IFQ account holder's associated accounts. However, if red grouper is under a rebuilding plan, the percentage of gag multi-use allocation is equal to zero. Based on the results of the SEDAR 88 stock assessment, landing red grouper would be permissible in the gag multi-use allocation share category if the account has no red grouper or red grouper multi-use allocation. The current (2026) percentage of the gag quota converted to multi-use is 58.8%.

Red Grouper Landings and Quota

Commercial red grouper landings have ranged from about 2.04 (2019) to 7.27 (1989) mp gw between 1986 and 2024. Although there have been higher historical landings prior to the implementation of the IFQ program, following the start of the program, landings have reached up to 5.6 mp gw in 2014, and have decreased since. Since 2019, the quota has been equal to or less than 3 mp gw, reducing the total amount available to be harvested, with the exception of 2025 where a mid-year emergency rule increased the quota to 4.2 mp in early August. Table 1.1.2 displays commercial landings and end of year quota starting from the first year of the GT-IFQ program (2010). Red grouper landings in Table 1.1.2 are for the pounds (gw) of red grouper landed regardless of the share category under which it was landed.

Table 1.1.2. Commercial landings and ACT for red grouper in pounds gw.

Year	Commercial Landings	Commercial ACT (Quota)
2010	2,910,970	5,750,000
2011	4,783,668	5,230,000
2012	5,219,133	5,370,000
2013	4,599,001	5,530,000
2014	5,601,144	5,630,000
2015	4,797,159	5,720,000
2016	4,497,582	7,780,000
2017	3,328,271	7,780,000
2018	2,363,280	7,780,000
2019	2,037,046	3,000,000
2020	2,368,322	3,000,000
2021	2,950,691	3,000,000
2022	2,428,938	2,790,000
2023	2,498,024	2,790,000
2024	2,527,545	2,790,000

Source: Commercial landings from SEFSC Commercial ACL Data (March 2025) and SERO Catch Share Database (March 2025).

Share Ownership and Patterns of Allocation Distribution

For red grouper, the percentage of shares held by small and medium shareholder accounts have decreased over time while the percentage of shares owned by larger shareholder accounts have increased. This is part of a broader trend observed throughout the GT-IFQ program, as well as the RS-IFQ program. Table 1.1.3 illustrates the distribution of shareholder accounts by share volume for the red grouper share category. The number of allocation holders (accounts that hold allocation) who do not own shares has increased since the start of the program. Table 1.1.4 illustrates the number of accounts who receive red grouper allocation through share ownership and who receive their allocation only through transfers (leasing) and not ownership. Accounts that only hold allocation may be related to accounts that hold shares, as industry will often hold their shares in separate accounts.

Table 1.1.3. Distribution of shareholder accounts of red grouper in the GT-IFQ program by share volume and category.

RG	Small	Med.	Large	Total
	N (Share %)	N (Share %)	N (Share %)	
Initial	435 (5%)	248 (77%)	9 (18%)	692
2010	421 (4%)	237 (80%)	7 (16%)	665
2011	377 (3%)	227 (81%)	6 (16%)	610
2012	349 (3%)	212 (77%)	8 (20%)	569
2013	339 (3%)	200 (72%)	11 (25%)	550
2014	327 (3%)	192 (71%)	11 (26%)	530
2015	332 (3%)	186 (67%)	12 (30%)	530
2016	332 (3%)	185 (65%)	13 (32%)	530
2017	345 (3%)	190 (65%)	13 (32%)	548
2018	303 (3%)	190 (66%)	12 (31%)	505
2019	305 (3%)	179 (66%)	12 (31%)	496
2020	302 (3%)	172 (61%)	14 (36%)	488
2021	296 (3%)	165 (60%)	14 (37%)	475
2022	284 (3%)	159 (56%)	15 (41%)	458
2023	281 (3%)	158 (56%)	15 (41%)	454
2024	279 (3%)	154 (51%)	15 (41%)	448

Table 1.1.4. Allocation holders by share status.

RG	N	With shares	Via Transfer
2010	744	690 (93%)	54 (7%)
2011	739	675 (91%)	64 (9%)
2012	715	605 (85%)	110 (15%)
2013	683	563 (82%)	120 (18%)
2014	689	544 (79%)	145 (21%)
2015	716	522 (73%)	194 (27%)
2016	723	543 (75%)	180 (25%)
2017	750	525 (70%)	225 (30%)
2018	755	543 (72%)	212 (28%)
2019	687	494 (72%)	192 (28%)
2020	694	486 (70%)	208 (30%)
2021	689	480 (70%)	209 (30%)
2022	658	479 (73%)	179 (27%)
2023	669	450 (67%)	219 (33%)
2024	646	446 (69%)	200 (31%)

Detailed information relative to the IFQ programs, including information on program regulations, performance, evaluation, and on IFQ price information, enforcement and administrative actions is provided in the red snapper and grouper-tilefish annual reports.[3]

[3] Grouper-Tilefish IFQ Annual Report

1.2 Purpose and Need

The purpose of this action is to establish a three-year pilot commercial red grouper IFQ quota pool and distribute the resulting annual allocation to eligible participants in the GT-IFQ program.

The need for this action is to test whether a quota pool may enhance economic profitability and reduce discards by improving access to red grouper annual allocation by fishermen engaged in the commercial harvest of red grouper and provide new opportunities for obtaining red grouper annual allocation.

1.3 History of Management

This summary includes management actions pertinent to red snapper, grouper, and tilefish for the commercial sector, including changes to commercial permit requirements. A complete history of management for the Reef Fish FMP is available on the Council's website[4].

The final rule for the **Reef Fish FMP**, with its associated environmental impact statement (EIS), was effective November 8, 1984, and defined the reef fish fishery management unit to include red snapper, red grouper, gag, the shallow-water groupers (scamp, black, yellowmouth, and yellowfin), and the deep-water groupers (snowy, warsaw, speckled hind, and yellowedge), as well as other important reef fish. Among the species currently managed under Gulf IFQ programs, only the tilefishes were not included in the original Reef Fish FMP.

The Reef Fish FMP included regulations designed to rebuild declining reef fish stocks and included a minimum size limit of 13 inches total length (TL) for red snapper, with exceptions that for-hire vessels were exempted until 1987 and each angler could keep 5 undersize fish.

Amendment 1, including environmental assessment (EA), regulatory impact review (RIR), and regulatory flexibility analyses (RFA), was implemented in 1990. The management measures included:

- The addition of 10 species to the management unit, including the three species of tilefish that are now managed under the GT-IFQ program (goldface, golden, and blueline).
- Prohibited the sale of undersized red snapper and deleted the allowance to keep five undersized red snapper.
- Set a 20-inch TL minimum size limit on red, yellowfin, black, and gag groupers;
- Shallow-water grouper (SWG) were defined as black grouper, gag, red grouper, Nassau grouper, yellowfin grouper, yellowmouth grouper, rock hind, red hind, speckled hind, and scamp. Deep-water grouper (DWG) were defined as misty grouper, snowy grouper, yellowedge grouper, warsaw grouper, and scamp.
- Established a commercial reef fish vessel permit.

[4] https://gulfcouncil.org/fishery-management/fishery-management-plans-amendments-process/

On November 7, 1989, the National Marine Fisheries Service (NMFS) announced that anyone entering the commercial reef fish fishery in the Gulf and South Atlantic after a control date of November 1, 1989 may not be assured of future access to the reef fish fishery if a management regime is developed and implemented that limits the number of participants in the fishery. The purpose of this announcement was to establish a public awareness of potential eligibility criteria for future access to the reef fish resource and does not prevent any other date for eligibility or other method for controlling fishing effort from being proposed and implemented.

Amendment 3, including EA and RIR and implemented in July 1991, transferred speckled hind from the SWG category to the DWG category.

Amendment 4, including EA, RIR and initial RFA (IRFA), was implemented in May 1992. The amendment established a moratorium on the issuance of new commercial reef fish permits for a maximum period of 3 years. The moratorium was created to moderate short-term future increases in fishing effort and to attempt to stabilize fishing mortality while the Council considered a more comprehensive effort limitation program. It allowed the transfer of permits between vessels owned by the permittee or between individuals when the permitted vessel is transferred.

Amendment 6, including EA, RIR and RFA, implemented in June 1993, extended the provisions of an emergency rule for red snapper endorsements for the remainder of 1993 and 1994, and it allowed the red snapper trip limits for qualifying and non-qualifying permitted vessels to be changed under the framework procedure for specification of the total allowable catch.

Amendment 7, including EA, RIR, and IRFA, implemented in February 1994, established reef fish dealer permitting and record keeping requirements, and allowed transfer of reef fish permits or endorsements in the event of the death or disability of the person who was the qualifier for the permit or endorsement. A proposed provision of this amendment that would have required permitted vessels to sell harvested reef fish only to permitted dealers was disapproved by the Secretary of Commerce and was not implemented.

Amendment 8, including EA, RIR and IRFA, proposed establishment of a red snapper individual transferable quota (ITQ) program. It was approved by NMFS and a final rule was published on November 29, 1995. However, concerns about future Congressional funding for the ITQ program to become operational made it advisable to delay implementation pending Congressional action. In October 1996, Congress, through reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson- Stevens Act), repealed the red snapper ITQ program and prohibited regional Councils from submitting, or NMFS from approving and implementing, any new IFQ program before October 1, 2000.

Amendment 9, including EA, RIR and IRFA, implemented in July 1994, provided for collection of red snapper landings and eligibility data from commercial fishermen for the years 1990 through 1992. This amendment also extended the reef fish permit moratorium and red snapper endorsement system through December 31, 1995, to continue the existing interim management

regime until longer term measures could be implemented. The Council received the results of the data collection in November 1994, at which time consideration of Amendment 8 resumed.

Amendment 11, including EA, RIR and IRFA, was partially approved by NMFS and implemented in January 1996. The approved provisions included:

- Limited sale of Gulf reef fish by permitted vessels to permitted reef fish dealers;
- Required that permitted reef fish dealers purchase reef fish caught in Gulf federal waters only from permitted vessels;
- Allowed transfer of reef fish permits and fish trap endorsements in the event of death or disability;
- Implemented a new reef fish permit moratorium for no more than 5 years, or until December 31, 2000, while the Council considers limited access for the reef fish fishery;
- Allowed permit transfers to other persons with vessels by vessel owners (not operators) who qualified for their reef fish permit.

Amendment 13, including EA, RIR and IRFA, was implemented in September 1996. The amendment further extended the red snapper endorsement system through the remainder of 1996 and, if necessary, through 1997, to give the Council time to develop a permanent limited access system that was in compliance with the new provisions of the Magnuson-Stevens Act.

Amendment 14, including EA, RIR and IRFA, was implemented in March and April 1997. The amendment provided the NMFS Regional Administrator with authority to reopen a fishery prematurely closed before the allocation was reached and modified the provisions for transfer of commercial reef fish vessel permits.

Amendment 15, including EA, RIR and IRFA and implemented in January 1998, included the following actions:

- Modified the red snapper endorsement system to create two classes of red snapper licenses. Class 1 licenses would have a 2,000-lb trip limit and would be issued to endorsement holders on March 1, 1997, and historical captains. Class 2 licenses would have a 500-lb trip limit and would be issued to other reef fish permit holders on March 1, 1997, with red snapper landings between January 1, 1990 and March 1, 1997. Licenses could be transferred without restriction. This red snapper license system was extended indefinitely or until replaced by an alternate license management system.
- Set monthly commercial red snapper openings to open at noon on the first day of each month and close at noon on the fifteenth day of each month until the commercial quota is reached. The commercial season is split into two time periods with the first period to begin on February 1 with two thirds of the quota, and the second period on September 1 with the remainder of the quota.

Amendment 16B, including EA, RIR and IRFA, was implemented on November 24, 1999. Among other actions, this amendment set the minimum size limit in fork length for scamp at 16 inches.

An August 1999 **regulatory amendment**, including EA, RIR, and IRFA and implemented June 19, 2000, increased the commercial size limit for gag from 20 to 24 inches TL, and prohibited the commercial sale of gag, black, and red grouper each year from February 15 to March 15 (the peak of gag spawning season).

Amendment 17, including EA, RIR and IRFA, was implemented in August 2000. This amendment extended the commercial reef fish permit moratorium for another 5 years from its previous expiration date of December 31, 2000, to December 31, 2005, unless replaced sooner by a comprehensive controlled access system. The purpose of the moratorium was to provide a stable environment in the fishery necessary for evaluation and development of a more comprehensive controlled access system for the entire commercial reef fish fishery.

Amendment 18A, including supplemental EIS, RIR and IRFA, was implemented by NMFS in September 2006. Among other actions, this amendment:

- Required a NMFS-approved vessel monitoring system on board vessels with a commercial reef fish permit, including charter vessels that also have a commercial reef fish permit;
- Prohibited persons on vessels with both commercial and charter vessel reef fish permits from retaining reef fish caught under the recreational size, bag, and possession limits when commercial quantities of reef fish are onboard;
- Adjusted the maximum crew size onboard a vessel issued a certificate of inspection (COI) when the vessel has both a commercial and charter/headboat permits for reef fish to the minimum crew size required under the COI.

As part of the implementing regulations, NMFS added provisions to change the permit application process for all permits to an annual rather than biennial procedure, as well as simplifying the income qualification documentation requirements for fisheries having income criteria.

Secretarial Amendment 1, including a supplemental EIS, RIR, and IRFA, was initially submitted to NMFS in September 2002 and was implemented in July 2004. It contained a 10-year rebuilding plan for red grouper based on 3-year intervals.

Amendment 22, including supplemental EIS, RIR, and IRFA, was implemented in July 2005. It modified the red snapper rebuilding plan to rebuild the red snapper stock by 2032.

Amendment 24, including EA, RIR, and IRFA, was implemented August 2005. It established a permanent limited access system for the commercial sector for reef fish. Permits issued under the limited access system are renewable and transferable.

Amendment 26, including supplemental EIS, RIR, and IRFA, implemented in January 2007, established a commercial IFQ program for red snapper. The amendment required that, for any single fishing year, no person shall own IFQ shares that represent a percentage of the total, which exceeds the maximum percentage issued to a recipient at the time of the initial apportionment of IFQ shares. It also restricted initial eligibility to persons possessing a Class 1 or Class 2 license, and allocated initial IFQ shares proportionately among eligible participants based on average

annual landings. During the first 5 years of the program, IFQ shares/allocations can be transferred only to individuals/vessels with a valid commercial reef fish permit and to United States citizens and permanent resident aliens thereafter.

Amendment 27, including supplemental EIS, RIR, and RFA, was implemented in February 2008. Among the actions, the commercial size limit for red snapper was reduced to 13 inches TL.

Amendment 29, including EIS, RIR, and RFA and implemented in January 2010, established the commercial IFQ program for groupers and tilefishes. As with the RS-IFQ program, during the first 5 years of the program, IFQ shares/allocations can be transferred only to individuals/vessels with a valid commercial reef fish permit and to United States citizens and permanent resident aliens thereafter.

Amendment 30B, including EIS, RIR, and RFA and implemented in 2009, addressed the overfishing of gag. Among other actions, the amendment set interim allocations of gag and red grouper catches between the recreational and commercial sectors. The amendment also required that all vessels with federal commercial or charter/headboat permits for reef fish must comply with the more restrictive of state or federal reef fish regulations when fishing in state waters.

Amendment 31, including EIS, RIR, and RFA, was implemented in May 2010. The amendment addressed sea turtle interactions with bottom longline fishing gear and included the following management actions:

- Longline endorsement requirement - Vessels must have average annual reef fish landings of 40,000 lb gutted weight or more from 1999 through 2007;
- Reef fish bottom longline fishing was restricted to outside the 35-fathom depth contour from June – August.

Generic ACL/AM Amendment, largely implemented in January 2012 with other elements implemented later in the same year, established in-season and post-season accountability measures (AM) for all stocks that did not already have such measures defined. The AM states that if an ACL is exceeded, in subsequent years an in-season AM will be implemented that will close all shallow-water grouper fishing when the ACL is reached or projected to be reached (GMFMC 2011a).

Amendment 32, including EIS, RIR, and RFA and effective in March 2012, established ACLs and ACTs for 2012 through 2015 for gag and for 2012 for red grouper. The amendment also:

- established a rebuilding plan for gag;
- contained a commercial gag and shallow-water grouper quota adjustment to account for dead discards;
- made adjustments to the multi-use IFQ allocation provisions in the GT-IFQ program; and
- reduced the commercial gag size limit;
- revised gag, red grouper, and shallow-water grouper AMs.

Amendment 34, including EA, RIR, and RFA, was implemented in November 2012. The amendment addressed crew size limits for dual-permitted vessels (i.e., vessels with both a charter/headboat and a commercial permit for reef fish), increasing the maximum crew size from three to four. It also eliminated the earned income qualification requirement for the renewal of commercial reef fish permits.

The **Framework Action** to Set the 2013 Gag Recreational Fishing Season and Modify the February-March Shallow-water Grouper Closed Season, eliminated the February 1 through March 31 shallow-water grouper closure shoreward of 20 fathoms.

The **Framework Action** to Retain 2016 Red Snapper Commercial Quota was implemented in December 2015. The action withheld 4.9% of the 2016 commercial red snapper ACL prior to the annual distribution of red snapper allocation to the IFQ shareholders on January 1, 2016. This action allowed the allocations being established through Amendment 28 to be effective for the 2016 fishing year.

Amendment 28, including EIS, RIR, and RFA, was implemented in May 2016. The amendment revised the commercial and recreational sector allocations of the red snapper ACLs, by shifting 2.5% of the commercial sector's allocation to the recreational sector. The resulting sector allocations for red snapper were 48.5% commercial and 51.5% recreational and were applied to the 2016 quotas. On March 3, 2017, a U.S. district court vacated Amendment 28 and subsequently ordered that the sector quotas for 2017 be set consistent with the previous sector allocations of 51% commercial and 49% recreational.

Amendment 44, including EA, RIR, and RFA, was approved on December 21, 2017 (there was no rulemaking associated with this amendment, and therefore no implementation date). The amendment changed the minimum stock size threshold (MSST) for seven reef fish species, including gag, red grouper, and red snapper to be equal to 50% of the biomass at maximum sustainable yield. MSST is used to determine whether or not a stock is considered to be overfished; if the biomass of the stock falls below the threshold, then the stock is considered to be overfished. Changing the MSST is not expected to affect management action as fishing is primarily constrained by the overfishing definition. As long as overfishing is prevented, the stock biomass should never drop to the MSST level.

Amendment 36A, including EA, RIR, and RFA, required all reef fish permitted vessels landing federally managed reef-fish to land at approved locations and hail-in at least 3 hours, but no more than 24 hours before landing. The amendment returns red snapper and grouper-tilefish shares from non-activated IFQ accounts to NMFS for redistribution and allows NMFS to withhold a portion of IFQ allocation at the start of the year equal to an anticipated quota reduction. The actions to return non-activated shares and withhold quota in the event of an anticipated quota decrease became effective July 12, 2018. The advance notice of landing requirement became effective January 1, 2019.

The **Framework Action** to Modify Mutton Snapper and Gag Management Measures was effective on July 23, 2018. For gag, the action increased the commercial minimum size limit to 24 inches.

The **Framework Action** to Modify Red Grouper Annual Catch Limits and Annual Catch Targets was implemented October 31, 2019. It reduced the catch limits for red grouper consistent with a May 2019 emergency rule and following an interim red grouper assessment.

Amendment 53, including EIS, RIR, and RFA, implemented in June 2022. Revised the red grouper allocation from 76% commercial and 24% recreational to 59.3% commercial and 40.7% recreational. The action also increased the ACT buffer from 8% to 9%, and modified the OFL, ABC, and sector ACLs and ACTs.

NMFS implemented interim measures to reduce gag overfishing for the 2023 fishing year on May 3, 2023. This temporary rule decreases the stock ABC for Gulf gag to 661,000 lb gw. The sector allocation was retained at 61% recreational and 39% commercial. The recreational fishing season was modified to open on September 1 and close on November 10. The purpose of this interim rule was to reduce overfishing ahead of the development of Amendment 56 to the Reef Fish FMP.

Amendment 56, including EA, RIR, and RFA, implemented in May 2024 for gag specifically,

- Updated the sector ACLs, ACTs, and commercial quota, consistent with the revised allocation, and the rebuilding plan.
- Revised the buffer between the recreational ACL and the recreational ACT from 10.25% to 20%.
- Revised the buffer between the commercial ACL and commercial quota from approximately 23% to 5% and set the commercial quota equal to the commercial ACT.
- Revised the federal recreational fishing season for Gulf gag such that it would open on September 1 instead of June 1.
- Modified the recreational AM to direct NMFS to prohibit harvest when the recreational ACT (rather than the ACL) is projected to be met. In addition, removed the provision that requires NMFS to maintain the prior year's ACT if the ACL is exceeded in the previous year.

Amendment 58B, including EA, RIR, and RFA considers updates to management measures for the DWG complex (yellowedge grouper, snowy grouper, warsaw grouper, and speckled hind) in the Gulf. The amendment addresses overfishing of yellowedge grouper based on the most recent assessment of the stock (Southeast Data, Assessment, and Review 85, 2023). Amendment 58B would modify biological reference points, status determination criteria and catch limits, the allocation between the commercial and recreational sectors, and the recreational AMs. Amendment 58B is currently in rulemaking.

Amendment 62, including EA, RIR, and RFA, would update management measures for Gulf red grouper based on the results of the latest stock assessment, which concluded that harvest of red grouper could be increased substantially. Amendment 62 would modify the Gulf red grouper

maximum sustainable yield proxy and increase the OFL, ABC, and total ACL based on the Council SSC's recommendations. The total ACL would be set at 80% of the ABC in 2026 (6.62 mp gw), 90% of the ABC in 2027 (7.45 mp gw), and at 100% of the ABC in 2028 and subsequent years (8.28 mp gw). The Council chose to be conservative in initially setting the total ACL below the ABC, then gradually eliminating that precautionary buffer over time, to ensure that the red grouper stock is stable before implementing the highest ACL level. Amendment 62 would modify sector allocations and increase sector ACLs and ACTs. Amendment 62 would set the commercial and recreational allocations of 69.2% commercial and 30.8% recreational. The commercial quota is reduced from the commercial ACL by 5%, and the recreational ACT is reduced from the recreational ACL by 9%. Amendment 62 would also reduce burden on recreational fishermen by eliminating the February-March recreational closed season in federal waters seaward of the 20-fathom boundary for shallow-water grouper species (i.e., red grouper, gag, scamp, yellowmouth grouper, black grouper, and yellowfin grouper). Amendment 62 is currently in rulemaking.

CHAPTER 2. MANAGEMENT ALTERNATIVES

2.1 Action 1 – Commercial Quota Pool for Gulf of America (Gulf) Red Grouper

Alternative 1 - No Action: Do not establish a commercial quota pool for red grouper. The entirety of the commercial red grouper quota would continue to be allocated based on current individual fishing quota (IFQ) share ownership percentages.

Alternative 2: Establish a three-year commercial quota pool for Gulf red grouper beginning in 2027. If the commercial quota (annual catch target or ACT) is at or **below 2.79 million pounds gutted weight**[5], the quota pool is set at zero percent of the commercial quota (zero pounds). If the commercial quota is above 2.79 million pounds (mp) gutted weight (gw), the quota pool would hold:

Option 2a: 15% of the commercial red grouper quota increase above 2.79 mp gw
Option 2b: 20% of the commercial red grouper quota increase above 2.79 mp gw
Option 2c: 25% of the commercial red grouper quota increase above 2.79 mp gw
Option 2d: 30% of the commercial red grouper quota increase above 2.79 mp gw

Alternative 3. Establish a three-year commercial quota pool for Gulf red grouper beginning in 2027. If the commercial quota (ACT) is at or below **4.28 million pounds gutted weight**[6], the quota pool is set at zero percent of the commercial quota (zero pounds). If the commercial quota is above 4.28 million pounds gutted weight, the quota pool would hold:

Option 3a: 15% of the commercial red grouper quota increase above 2.79 mp gw
Option 3b: 20% of the commercial red grouper quota increase above 2.79 mp gw
Option 3c: 25% of the commercial red grouper quota increase above 2.79 mp gw
Option 3d: 30% of the commercial red grouper quota increase above 2.79 mp gw

Preferred Alternative 4. Establish a three-year commercial quota pool for Gulf red grouper beginning in 2027. If the commercial quota (ACT) is at or below **4.28 million pounds gutted weight**, the quota pool is set at zero percent of the commercial quota (zero pounds). If the commercial quota is above 4.28 million pounds gutted weight, the quota pool would hold:

Option 4a: 15% of the commercial red grouper quota increase above 4.28 mp gw
Option 4b: 20% of the commercial red grouper quota increase above 4.28 mp gw
Option 4c: 25% of the commercial red grouper quota increase above 4.28 mp gw
Option 4d: 30% of the commercial red grouper quota increase above 4.28 mp gw

[5] Commercial red grouper quota (ACT) from 2023 until the 2025 Emergency Rule was 2.79 mp gw. This quota was established in Amendment 53 to the Reef Fish FMP (GMFMC 2022). This was also the quota at the start of 2026, when the Emergency Rule was no longer in effect.
[6] 2026 commercial red grouper quota (ACT) established in Action 2; Preferred Alternative 2 in Amendment 62 to the Reef Fish FMP is 4.28 mp gw.

Preferred Option 4e: 50% of the commercial red grouper quota increase above 4.28 mp gw

Discussion:

This action would allow for the creation of a commercial red grouper quota pool based on the increase in the red grouper quota expected as a result of the SEDAR 88 stock assessment and the development of Amendment 62 to the Fishery Management Plan for the Reef Fish Resources of the Gulf (Reef Fish FMP). Shares would not be given to participants through this quota pool, only annual allocation. The annual distribution of allocation to shareholders based on their share percentages is a separate process from the distribution by the quota pool. This is a three-year pilot program that would start in 2027 and end on December 31, 2029. The alternatives in this action offer choices regarding the percentage of the quota increase above 2.79 mp gw (**Alternative 2** and **Alternative 3**) or 4.28 mp gw (**Preferred Alternative 4**) that would be set aside for the quota pool. At the start of the year, the amount of allocation held for the quota pool program would be withheld from distribution to current IFQ shares. However, IFQ shareholder accounts would be eligible to participate depending on the criteria established in Action 2 and the distribution patterns established in Action 3. The red grouper allocation from the quota pool would be distributed annually under its own allocation category by the end of the first quarter of the year to eligible recipients, to allow time for eligibility determination, appeals, and distribution of the quota pool allocation. Once received, this non-transferable allocation must be used for landings before other red grouper allocation categories (i.e., red grouper (RG), red grouper multi-use (RGM), gag multi-use (GGM)) can be used to land red grouper. The grouper-tilefish individual fishing quota (GT-IFQ) system would automatically apply the correct allocation category for red grouper landed.

The Gulf Council (Council) discussed potential metrics to use for the evaluation of the quota pool program. To monitor the impacts of a quota pool on the Gulf commercial red grouper fishery, key metrics of program engagement, quota utilization, and share and allocation prices would be compared before and after the quota pool distribution. Metrics to understand quota pool impacts on program engagement may include, but are not limited to, tracking changes in the number of accounts with and without shares, the number of share transfers, the number of accounts with landings with and without shares, etc. Metrics to monitor quota utilization impacts may include, but are not limited to, tracking changes in the amount of quota landed, the number of accounts with landings, and the number of allocation transfers throughout the year. Finally, metrics to monitor share and allocation price impacts may include, but are not limited to, tracking average share and allocation prices, changes in the size of allocation and share transfers, and price volatility throughout the year. While metrics would be monitored throughout the pilot program, results may not be fully evident within the first year of the pilot as participants acclimate to the new program, and results would also likely be impacted by the sizeable increases in the commercial red grouper quota.

Alternative 1 (No Action) would not establish a red grouper quota pool and would distribute allocation based on current IFQ share ownership percentages. **Alternative 2** would establish a red grouper quota pool if the red grouper commercial quota is set above 2.79 mp gw, while **Alternative 3** and **Preferred Alternative 4** would establish the quota pool if the red grouper

commercial quota is set above 4.28 mp gw. The quota pool would be in effect for a maximum of three years. The allocation held in the pool would depend on the option selected in **Alternative 2**, **Alternative 3** (Table 2.1.1), or **Preferred Alternative 4** (Table 2.1.2). As the options for **Alternative 2** and **Alternative 3** are the percentages of commercial red grouper quota increase above 2.79 mp gw, the options for both alternatives are equivalent, such that **Alternative 2**, **Option 2a** is the same number as **Alternative 3, Option 3a**. The options for **Preferred Alternative 4** correspond to different values of allocation because these options are the percentages of commercial red grouper quota increase above 4.28 mp gw.

Table 2.1.1. Total commercial quota and amount of allocation available under options in **Alternative 2** and **Alternative 3**.

Quota Pool Year	Red Grouper Commercial Quota	Quota Increase above 2.79 mp	Red Grouper Allocation in the Pool			
			(% of Quota Increase)			
			Option a: 15%	Option b: 20%	Option c: 25%	Option d: 30%
2027	4,830,000	2,040,000	306,000	408,000	510,000	612,000
2028	5,370,000	2,580,000	387,000	516,000	645,000	774,000
2029	5,370,000	2,580,000	387,000	516,000	645,000	774,000

Table 2.1.2. Total commercial quota and amount of allocation available under options in **Preferred Alternative 4.**

Action 1 – Preferred Alternative 4							
Quota Pool Year	Red Grouper Commercial Quota*	Quota Increase Above 4.28 mp	Red Grouper Allocation in the Pool				
			(% of Quota Increase)				
			Option a: 15%	Option b: 20%	Option c: 25%	Option d: 30%	Preferred Option e: 50%
2027	4,830,000	550,000	82,500	110,000	137,500	165,000	275,000
2028	5,370,000	1,090,000	163,500	218,000	272,500	327,000	545,000
2029	5,370,000	1,090,000	163,500	218,000	272,500	327,000	545,000

The allocation that would be available in the quota pool under **Preferred Alternative 4, Options 4a-4d** is substantially less than the allocation that would be available under **Alternative 2** or **Alternative 3**. For 2027, **Preferred Alternative 4, Preferred Option 4e** is slightly lower than **Options a** for **Alternatives 2** and **3.** For 2028-2029, **Preferred Alternative 4, Preferred Option 4e** would result in quota pool allocation between the ranges of **Alternatives 2** and **3**, **Options b** and **Options c**.

Pounds of allocation held in the red grouper quota pool would be distributed separately from the pounds of allocation that are distributed based on shares. Table 2.1.3 and Figure 1.1.1 use the percentage selected in **Preferred Alternative 4, Preferred Option 4e** to compare the separate groups of allocation—the additional red grouper quota pool that would be established as a result of this action and the quota that would be distributed to red grouper shareholders.

Table 2.1.3. Preferred Alternative 4, Preferred Option 4e, amounts of total quota, quota in the quota pool, and total quota subtracted from distribution to shares (lb gw).

Quota Pool Year	Red Grouper Total Commercial Quota	Red Grouper Quota Pool Allocation	Red Grouper Allocation minus Quota Pool
2027	4,830,000	275,000	4,555,000
2028	5,370,000	545,000	4,825,000
2029	5,370,000	545,000	4,825,000

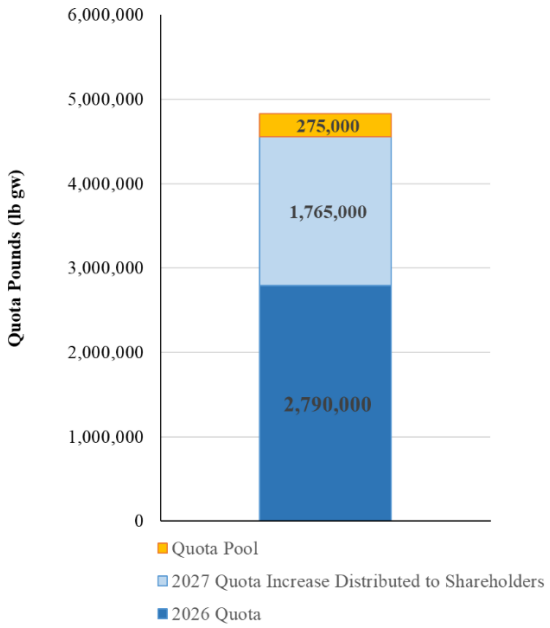


Figure 2.1.1. 2026 baseline quota and quota increase split into two classes—allocation to be distributed by share percentage and allocation for the red grouper quota pool set at 50% of the increase over 4.28 (**Preferred Alternative 4, Preferred Option 4e**).

The quota pool would use a percentage set aside from the commercial quota increase. Figure 1.1.1 displays the set aside amount and the amount to be distributed to shares as an addition to

the current baseline allocation that is available with the commercial quota of 2.79 mp gw. Since 2017, red grouper landings have exceeded this baseline quota (2.79 mp) only twice, in 2017 and 2021, even though quota was set above 2.79 from 2017-2021[7] (NMFS 2025). Following the substantial increase anticipated through Amendment 62, it is not clear if the allocation distributed to shareholders will be fully utilized and the quota pool could be another mechanism to increase quota utilization.

To address potential appeals, 10% of the allocation in the pool would be initially withheld each year. Potential participants would be notified of their eligibility for the quota pool and expected quota pool allocation through the Catch Share website after log-in. Quota pool eligibility, pool placement, and allocation distributions will be based solely on the Southeast Regional Office (SERO) Permits database (permit status) and information submitted to the IFQ database (e.g., share status, red grouper landings). After the initial determination and notification, participants would have 30 days to appeal their quota pool allocation determination. Appeals will be processed under the National Oceanic and Atmospheric (NOAA) Fisheries National Appeals Office. All appeals proceedings will be governed by the National Appeals Office regulations set forth in 15 CFR part 906. Participants would not be able to appeal based on hardship, but may appeal based on permit status, share status, and landings histories as submitted to the IFQ system. Any allocation remaining after appeals are resolved would be distributed to qualifying quota pool participants. The amount of quota available to be distributed prior to appeals would depend on the options selected (Tables 2.1.4 and 2.1.5).

Table 2.1.4. Total amount of quota pool allocation available for distribution prior to appeals under options in **Alternative 2** and **Alternative 3** (lb gw).

Quota Pool Year	Quota Pool Amounts Distributed before Appeals			
	Option a: 15%	**Option b: 20%**	**Option c: 25%**	**Option d: 30%**
2027	275,400	367,200	459,000	550,800
2028	348,300	464,400	580,500	696,600
2029	348,300	464,400	580,500	696,600

[7] The quota was set at 7.78 mp from 2017-2018 and 3.0 mp from 2019-2021. Landings were above 2.79 for most years prior to 2017.

Table 2.1.5. Total amount of quota pool allocation available for distribution prior to appeals under options in **Preferred Alternative 4 (lb gw)**.

Quota Pool Year	Quota Pool Amounts Distributed before Appeals				
	Option a: 15%	**Option b: 20%**	**Option c: 25%**	**Option d: 30%**	**Preferred Option e: 50%**
2027	74,250	99,000	123,750	148,500	247,500
2028	147,150	196,200	245,250	294,300	490,500
2029	147,150	196,200	245,250	294,300	490,500

The commercial quota, excluding the amount set aside for the quota pool, would be distributed to IFQ shareholders on January 1st. The allocation in the quota pool, however, would not be available for distribution annually by January 1st, as time will be needed to determine eligibility and allocation values. The initial 90% of allocation in the quota pool would be distributed following data corrections and calculations at the end of the previous year, after which appeals can be submitted and processed. The timeline for the initial release of allocation in the quota pool and the release of allocation following the appeals process are not set but would most likely begin within the first quarter of the calendar year.

Council Conclusions:

The Council recognized the need for a three-year commercial quota pool to test whether a quota pool may enhance economic profitability and reduce discards. The Council decided that **Preferred Alternative 4, Preferred Option 4e** balances the interests of red grouper shareholders with the amounts of quota to fund the quota pool. By setting a quota pool threshold at 4.28 mp instead of 2.79 mp, **Preferred Alternative 4** ensures that shareholders receive the totality of their allocation if the red grouper commercial quota is equal to or less than the expected 2026 red grouper commercial quota. By setting the amounts in the pool equal to 50% of the quota increases above 4.28 mp, **Preferred Option 4e** provides sufficient annual allocation to fund the quota bank.

2.2 Action 2 – Eligibility Criteria for Participation in the Red Grouper Quota Pool

Alternative 1 - No Action: Do not establish eligibility criteria for participation in the red grouper quota pool.

Preferred Alternative 2: To receive annual allocation from the quota pool, IFQ account holders must possess a valid or renewable federal commercial reef fish permit and have minimum red grouper landings during a two-year reference period of at least:

Option 2a: 300 lb gw
Preferred Option 2b: 500 lb gw
Option 2c: 1,000 lb gw

Reference periods for quota pool distributions between 2027 and 2029:

Quota Pool Fishing Year	Reference Period
2027	Jan 1, 2025-Dec 31, 2026
2028	Jan 1, 2026-Dec 31, 2027
2029	Jan 1, 2027-Dec 31, 2028

Discussion:

Alternative 1 (No Action) would not establish requirements to obtain annual allocation from the quota pool. This would not be consistent with the purpose and need of this amendment. **Preferred Alternative 2** would establish a minimum threshold of red grouper harvested in order to ensure that participants in the quota pool land red grouper. The permit requirement on January 1 of the year of distribution, ensures that fishermen are able to harvest the distributed red grouper quota pool (RGQP) allocation. Those who open IFQ accounts in 2027 will not have landings that qualify their accounts for the first year of the red grouper quota pool distribution. However, as the two-year reference period is rolling, it is possible for those who have entered the fishery during the first year of this three-year pilot program to participate in the second and third years.

The current number of shareholder accounts (shareholding and non-shareholding) that have the 2023-2024 red grouper landings proposed in **Preferred Alternative 2**, broken down by accounts with red grouper shares and accounts without red grouper shares, are listed in Table 2.2.1. This number is for illustrative purposes and is not equivalent to the number of accounts that would qualify based on the reference periods noted above. The total number of accounts that held red grouper allocation in 2024 was 646 accounts, while only 256 of those accounts had landings.

Table 2.2.1. Current number of accounts with the minimum poundage in **Preferred Alternative 2,** based on a 2023-2024 proxy period for landings.

Preferred Alternative 2 Options	**Minimum Pounds**	**Accounts**	**Shares**	**No Shares**
Option 2a	300	235	102	133
Preferred Option 2b	500	212	86	126
Option 2c	1,000	188	79	109

Source: SERO Catch Share Database (February 2026)

In 2024, the average pounds of red grouper landed for a single trip was 825 lb, while the average pounds landed for those using vertical line gear was 417 lb and 3,401 lb for those using longline gear (NMFS 2025). In 2024, more trips were made using vertical line gear (n=1,650) than longline gear (n = 457). **Preferred Alternative 2**, **Option 2a** would allow accounts with less than the equivalent of one average vertical line trip over the course of two years to participate in the quota pool. **Preferred Option 2b** would allow accounts with the equivalent of close to one average vertical line trips to participate and **Option 2c** would allow accounts with the equivalent of nearly two average vertical line trips to participate. On average, a longline trip red grouper landings exceeds the thresholds included in each option, but the number of vertical gears trips harvesting red grouper are nearly 3.5 times the number of longline gear trips harvesting red grouper. The lower minimum pounds could allow for accounts that encounter red grouper as incidental catch to harvest the fish using quota pool allocation rather than discard legal size red grouper due to lack of allocation. Analyses of logbook data reveal that 50% of the trips landing red grouper with vertical line gear only make up 1-25% of their overall reef fish landings, indicating that it is mostly incidental catch versus targeted catch (Table 24 in NMFS 2025). Red grouper discards in vertical line trips have increased in recent years, indicating a potential lack of allocation for incidentally caught red grouper, despite high amounts of unused allocation each year, although discard mortality has remained low (Table 26 in NMFS 2025). The landings threshold in Action 2 would exclude fishermen who do not land any red grouper or less than 300 lb, 500 lb, or 1000 lb gw of red grouper, depending on the option chosen in this alternative, over two years. This would decrease the number of participants eligible for the program, which would allow each participating account to receive more allocation.

The establishment of landings-based eligibility criteria may result in the inadvertent exclusion of IFQ accounts that meet the minimum landings requirements. Therefore, an appeals process would be available to correct potential errors in eligibility in relation to having a permit, share status, or meeting the minimum landings requirement. Appeals would need to be received by the NMFS National Appeals Office[8] within the time specified in the final rule implementing the program. The determination for appeals must be based only on the landings recorded in the IFQ system, IFQ share status on January 1 of the distribution year, and permit status in the SERO Permit system. Hardship appeals would not be considered for this three-year pilot program.

[8] Appeals | NOAA Fisheries

Council Conclusions:

The Council recognized that to meet the purpose and need of Amendment 63, it is important to establish eligibility criteria to promote the participation in the quota pool of fishermen currently engaged in the commercial harvest of red grouper. **Preferred Alternative 2** would require that IFQ account holders possess a valid or renewable federal commercial reef fish permit, which is required to fish under the red grouper commercial quota, possess fish in excess of the bag limit, and sell the fish. **Preferred Alternative 2, Preferred Option 2b** would establish a minimum landing requirement of 500 lb over a two-year period. The Council evaluated minimum landings requirements ranging from 300 lb to 1,000 lb and determined that **Preferred Option 2b** (500 lb minimum) would exclude fishermen who only harvest red grouper occasionally without being too restrictive. The 500 lb minimum landing requirement, which will result in 212 eligible accounts to participate in the quota pool, is close to the average red grouper landings of a vertical line trip.

2.3 Action 3 – Distribution of Quota Pool Allocation among Eligible IFQ Accounts

Alternative 1 - No Action: Do not distribute allocation in the red grouper quota pool.

Alternative 2: Distribute **60%** of the quota pool allocation among active IFQ accounts with a valid or renewable commercial reef fish permit and red grouper landings within the reference period, but with **no red grouper shares**. Distribute **40%** of the quota pool allocation among active IFQ accounts with a valid or renewable commercial reef fish permit, red grouper landings within the reference period, and with **red grouper shares**. 10% of the quota pool allocation would initially be set aside for appeals.

Option 2a: Allocation would be distributed to qualifying participants with **no red grouper shares**:

(i) equally

(ii) proportionally based on red grouper landings

Option 2b: Allocation would be distributed to qualifying participants with **red grouper shares**:

(i) equally

(ii) proportionally based on red grouper landings

Preferred Alternative 3: Distribute **50%** of the quota pool allocation among active IFQ accounts with a valid or renewable commercial reef fish permit and red grouper landings within the reference period, but with **no red grouper shares**. Distribute **50%** of the quota pool allocation among active IFQ accounts with a valid or renewable commercial reef fish permit, red grouper landings within the reference period, and with **red grouper shares**. 10% of the quota pool allocation would initially be set aside for appeals.

Preferred Option 3a: Allocation would be distributed to qualifying participants with **no red grouper shares**:

(i) equally

Preferred (ii) proportionally based on red grouper landings

Preferred Option 3b: Allocation would be distributed to qualifying participants with **red grouper shares**:

(i) equally

Preferred (ii) proportionally based on red grouper landings

Discussion:

Alternative 1 (No Action) would not distribute the allocation in the quota pool. **Alternative 2** and **Preferred Alternative 3** divide active accounts into two groups: those with **no red grouper shares** and those with **red grouper shares**. To be eligible to participate in the program, participants in both groups (non-shareholding and shareholding accounts) must have a landings history and commercial reef fish permit during the reference period, as discussed in Action 2.

Alternative 2 offers a 60/40 split between non-shareholding and shareholding accounts respectively, while **Preferred Alternative 3** offers a 50/50 split. **Alternative 2** resembles the existing pattern of distribution of accounts, where currently 58.9% of shareholder accounts with red grouper landings do not hold shares and 41.1% hold shares (NMFS 2025). **Preferred Alternative 3** splits the quota pool evenly between the groups of shareholding and non-shareholding accounts. As there are currently a larger number of non-shareholding accounts as opposed to shareholding accounts, individual non-shareholding accounts would likely receive less allocation under **Preferred Alternative 3**. **Alternative 2** is designed to consider the different number of accounts under each group by increasing the allocation available to the larger group.

Alternative 2, Option 2a(i) and **Option 2b(i)** would use a 60/40 distribution between non-shareholding and shareholding accounts and would divide the allocation equally within the groups. Each account would receive the same amount of allocation as other accounts in their sub-pool (shareholding or non-shareholding groups), regardless of the amount of landings. For example, an account landing 10 lb would receive the same amount as an account in their sub-pool that landed 10,000 lb of red grouper during the same time period. **Preferred Alternative 3, Option 3a(i)** and **Option 3b(i)** would use a 50/50 distribution between non-shareholding and shareholding accounts and divide the allocation equally between each member of their group, regardless of the amount of landings. Potential distributions between accounts using the equal distribution method and using a proxy reference period for landings (2023-2024) are available in Appendix A, Tables A1-A10. The amount that would be distributed is contingent upon how much allocation is available in the quota pool, as decided in Action 1, and the eligibility requirements for the quota pool, as is decided in Action 2. The number of eligible participants for the rolling reference periods is likely to differ from these examples. Lower amounts of allocation in the quota pool and more eligible participants will result in less allocation to be dispersed to individual participants. The tables available explore combinations of alternatives. Using a combination of the preferred alternatives and options in Action 1 and 2 and the preferred alternative with the non-preferred options of Action 3 would result in 1,087 lb of allocation distributed to each account without shares in 2027 and 2,163 lb in 2028-2029 (Appendix A, Table A9). For accounts with shares, 1,599 lb of allocation would be distributed to each account in 2027 and 3,169 in 2028 and 2029 (Appendix A, Table 10). For any combination of alternatives in Action 1 and 2, if **Preferred Alternative 3** of this action is selected, all accounts without shares would receive less than all accounts with shares, while the distributions would be more equal if **Alternative 2** was selected.

The proportional distribution (**Options 2a(ii)** and **2b(ii)** and **Preferred Options 3a(ii)** and **3b(ii)**) would be calculated through the formula listed below, where the landings of one participating account is divided by the total landings in their respective pool (with or without shares) and multiplied by the proportion of quota in their respective pool.

$$QB\ Allocation_{Share\ Status} = \frac{Account_{Landings}}{\sum Landings_{Share\ status\ pool}} * Proportion\ QB_{Share\ status\ pool}$$

Each account would receive a different amount of allocation based on their landings history and the total landings during the reference period. There are no set upper limits for one participant as the landings history creates a proportion that is applied to the available allocation in the quota pool. Participating accounts with a proportional percentage of less than one pound would receive no allocation.

The following tables utilize the 2023-2024 landings data and apply it to 2026 accounts to display likely results for the 2027 red grouper quota pool distributions. This information is for illustrative purposes only and does not reflect the anticipated actual distribution, as the 2027 reference period for landings is currently in progress. Tables 2.3.1 and 2.3.3 show the results using proportional distribution with Action 1, **Preferred Alternative 4, Option 4e**. Table 2.3.1 provides the range of allocation that could be available for individual participants dependent upon the differing options in Action 2 and if allocation is divided to non-shareholding and shareholding sub-pools on a 50/50 basis, as in **Preferred Alternative 3, Preferred Options 3a(ii)** and **3b(ii)** or if divided between respective sub-pools on a 60/40 basis as in **Alternative 2, Options 2a(ii)** and **2b(ii).** Tables 2.3.2 and 2.3.3 place accounts with shares and accounts without shares, respectively, into buckets constituting those with small, medium, and large landings and demonstrate if their allocation would increase or decrease if Action 1, **Preferred Alternative 4, Preferred Option 4e,** Action 2, **Preferred Alternative 2, Preferred Option 2b**, and Action 3, **Preferred Alternative 3, Preferred Options 3a(ii)** and **3b(ii)** are selected. These tables can be compared with Tables A11-A13 and Figures A1-A3 in Appendix A, which display patterns of proportional distribution for other combinations of alternatives.

Table 2.3.1. Example range of amounts of allocation from the red grouper quota pool to be distributed to current individual accounts using landings from 2023-2024

	50/50 Scenario (Proportional)		**60/40 Scenario (Proportional)**	
	Without Shares	**With Shares**	**Without Shares**	**With Shares**
Min. 300	14 – 6,884 lb	24 - 10,487 lb	17 - 8,261 lb	19 - 8,390 lb
Min. 500	**24 - 6,890 lb**	**45 - 10,526 lb**	29 - 8,268 lb	36 - 8,421 lb
Min. 1,000	47-6,917 lb	82 - 10,558 lb	56 - 8,301 lb	65 - 8,446 lb

Table 2.3.2. The number of accounts with red grouper landings and red grouper shares expected to have increased or decreased allocation compared to not having the quota pool (Action 1, **Alternative 1**) in 2027 using the 2023-2024 landings data.

	50/50 Scenario (proportional)			
	Small Landings (<2,500 lb)	**Medium Landings (2,500 - 15,000 lb)**	**Large Landings (15,000+ lb)**	**Total Accounts**
Increase	7	17	26	50
Decrease	22	11	3	36

Table 2.3.3. The number of accounts with red grouper landings and no shares who are expected to have increased allocation compared to not having the quota pool (Action 1, **Alternative 1**) in 2027 using the 2023-2024 landings.

	50/50 Scenario (proportional)			
	Small Landings (<2,500 lb)	**Medium Landings (2,500 - 15,000 lb)**	**Large Landings (15,000+ lb)**	**Total Accounts**
Increase	29	40	57	126

As displayed in Table 2.3.1 if all preferred alternatives are selected, based on the 2023-2024 landings and current status, the account with shares and highest landing could receive an additional 10,526 pounds of allocation from the quota pool, while the account without shares and highest landings would receive 6,890 pounds of allocation. Table 2.3.2 illustrates that of qualifying accounts with shares, 36 accounts would not receive enough allocation from their participation in the quota pool to make up for the amount of the quota increase withheld from distribution to shares. Most (61%) of the qualifying accounts with shares who would not benefit from the quota pool are those with small landings (<2,500 lb). All accounts without shares that qualify for participation would be given increased allocation, as they receive no allocation through the system without a quota pool. These accounts use allocation obtained through transfers (leasing from shareowners) to land fish.

Council Conclusions:

The Council chose **Preferred Alternative 3** to give both groups of accounts, shareholding and non-shareholding, an equal amount of allocation to their respective sub-pools. The Council selected to distribute allocation proportionately based on red grouper landings, **Preferred Alternative 3**, **Preferred Option 3a(ii)** and **Preferred Option 3b(ii),** so that those (with or without red grouper shares) who were more engaged in the harvest of red grouper would be more likely to benefit from the quota pool.

CHAPTER 3. AFFECTED ENVIRONMENT

3.1 Description of the Physical Environment

General Description of the Physical Environment

The physical environment for Gulf of America (Gulf) reef fish is detailed in the Environmental Impact Statement (EIS) for the Generic Essential Fish Habitat (EFH) Amendment (GMFMC 2004), Generic EFH Amendment 3 (GMFMC 2005a), and the Generic Annual Catch Limit/Accountability Measure (ACL/AM) Amendment (GMFMC 2011a), which are incorporated by reference and summarized below.

The Gulf has a total area of approximately 600,000 square miles (1.5 million km^2), including state waters (Gore 1992). It is a semi-enclosed, oceanic basin connected to the Atlantic Ocean by the Straits of Florida and to the Caribbean Sea by the Yucatan Channel (Figure 3.1.1).

Oceanographic conditions are affected by the Loop Current, discharge of freshwater into the northern Gulf, and a semi-permanent, anti-cyclonic gyre in the western Gulf. The Gulf includes both temperate and tropical waters (McEachran and Fechhelm 2005). Gulf water temperatures range from 54º F to 84º F (12º C to 29º C) depending on time of year and depth of water. Mean annual sea surface temperatures ranged from 73º F through 83º F (23-28º C), including bays and bayous (Figure 3.1.1), between 1982 and 2009, according to satellite-derived measurements (NODC 2011).[9] In general, mean sea surface temperature increases from north to south with large seasonal variations in shallow waters.

[9] http://accession.nodc.noaa.gov/0072888

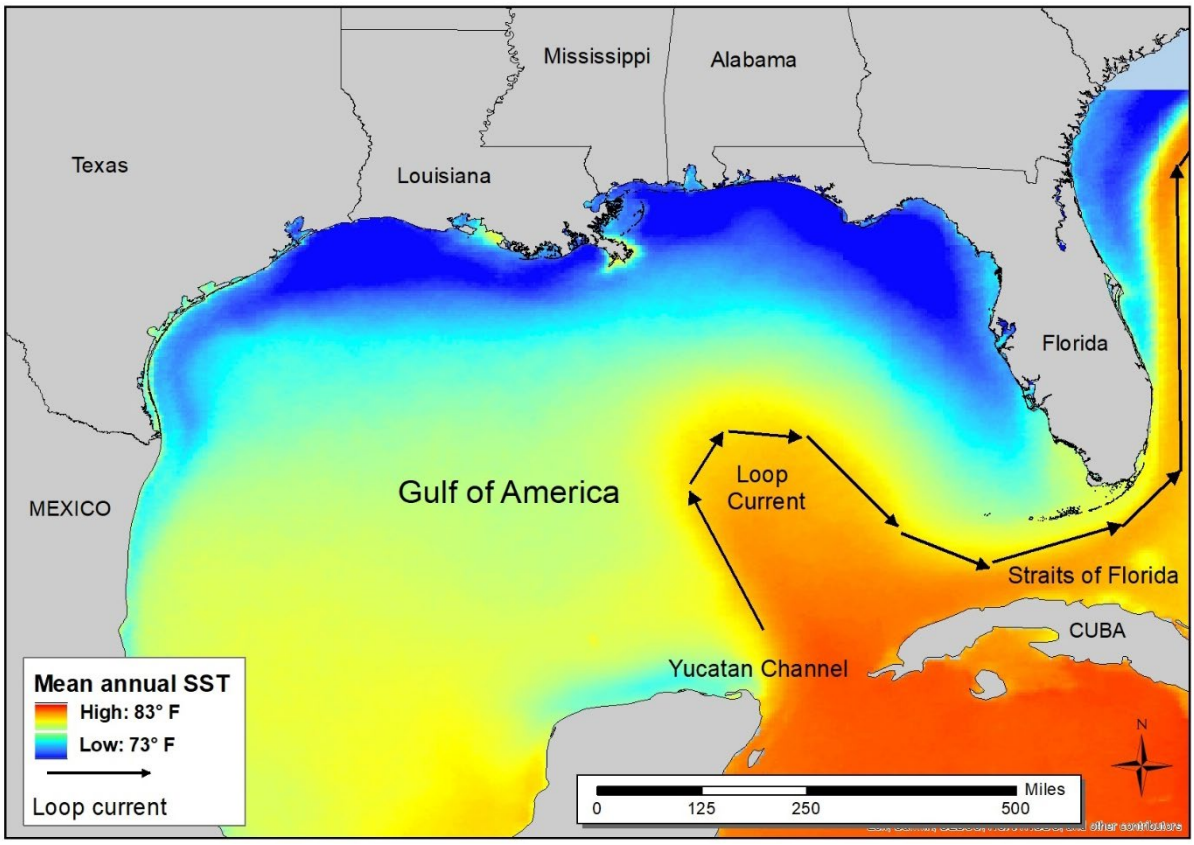


Figure 3.1.1. Mean annual sea surface temperature derived from the Advanced Very High-Resolution Radiometer Pathfinder Version 5 sea surface temperature data set.[10]

General Description of the Reef Fish Physical Environment

In general, reef fish are widely distributed in the Gulf, occupying both pelagic and benthic habitats during their life cycle. They generally have a planktonic larval stage that lives in the water column and feeds on zooplankton and phytoplankton (GMFMC 2004). Juvenile and adult reef fish are typically demersal and usually associated with bottom topographies on the continental shelf (less than 100 m) which have high relief, i.e., coral reefs, artificial reefs, rocky hard-bottom substrates, ledges and caves, sloping soft-bottom areas, and limestone outcroppings. However, several species are found over sand and soft-bottom substrates. For example, some juvenile snapper (e.g., mutton, gray, red, dog, lane, and yellowtail snappers) and grouper (e.g., goliath, red, gag, and yellowfin groupers) are associated with inshore seagrass beds, mangrove estuaries, lagoons, and larger bay systems.

[10] http://pathfinder.nodc.noaa.gov

Habitat Areas of Particular Concern (HAPC) and Environmental Sites of Special Interest

Detailed information pertaining to HAPCs is provided in Generic Amendment 3 (GMFMC 2005a) and Amendment 9 to the Fishery Management Plan for the Coral and Coral Reefs of the Gulf, U.S. Waters (GMFMC 2018). Detailed information pertaining to the Gulf area closures and marine reserves is provided in Amendment 32 to the Fishery Management Plan for the Reef Fish Resources in the Gulf (Reef Fish FMP; GMFMC 2011b). There are environmental sites of special interest that are discussed in the Generic EFH Amendment (GMFMC 2004) that are relevant to Reef Fish management. These documents are hereby incorporated by reference.

Northern Gulf Hypoxic Zone

A large hypoxic zone forms every summer in the northern Gulf. It is the result of allochthonous materials and runoff from agricultural lands resulting in increasing nutrient inputs to multiple rivers. These tributaries feed into the Mississippi River, which disperses to the Gulf, and creates a temperature and salinity dependent layering of waters. The nutrient rich fresh waters from the Mississippi create seasonal, large algal blooms at the surface that eventually die, sink to the bottom, and decompose. This creates the oxygen-poor, hypoxic, bottom water layer unless front or storm events occur, which allow for mixing of the layers (Rabalais and Turner 2019). Mapping of the hypoxic zone began in 1985. For 2021, the extent of the hypoxic area was 6,334 square miles, almost triple what it was in 2020 (2,116 square miles), but still less than the extent of the 2017 hypoxic area (8,776 square miles). The changes in hypoxic area can be attributed to changing amounts of river discharge and its associated nutrient load and storm events. The major factor for the reduced size in 2020 was the active storm season with Hurricane Hanna passing right over the zone, allowing for mixing of the waters. The 2021 hypoxic area was higher than the 5-year hypoxic area average (5,408 square miles) and much larger than the 1,930 square mile goal set by the Interagency Mississippi River and Gulf of America Hypoxia Task Force to be reached by 2035.[11] The hypoxic conditions in the northern Gulf directly impact less mobile benthic macroinvertebrates (e.g., polychaetes) by influencing density, species richness, and community composition (Baustian and Rabalais 2009; Breitburg et al. 2018). More mobile macroinvertebrates and demersal fishes are able to detect lower dissolved oxygen levels and move away from hypoxic conditions. Thus, these organisms are indirectly affected by limited prey availability and constrained available habitat (Baustian and Rabalais 2009; Craig 2012).

Environmental Variability

Projections predict increases in sea-surface temperature and sea level; decreases in sea-ice cover; and changes in salinity, wave climate, and ocean circulation (Intergovernmental Panel on Climate Change). These changes are likely to affect plankton biomass and fish larvae abundance that could adversely impact fish, marine mammals, seabirds, and ocean biodiversity. Kennedy et al. (2002) and Osgood (2008) have suggested global climate variation could affect temperature changes in coastal and marine ecosystems that can influence organism metabolism and alter ecological processes such as productivity and species interactions; change precipitation patterns and cause a rise in sea level which could change the water balance of coastal ecosystems; altering patterns of wind and water circulation in the ocean environment; and influence the

[11] http://gulfhypoxia.net

productivity of critical coastal ecosystems such as wetlands, estuaries, and coral reefs. The National Oceanic and Atmospheric Association (NOAA) Climate Web Portal predicts the average sea surface temperature in the Gulf will increase by approximately 2ºC for 2006-2100 compared to the average sea surface temperature from 1956-2005.

3.2 Description of the Biological/Ecological Environment

The biological environment of the Gulf, including for red grouper, is described in detail in the Generic EFH Amendment (GMFMC 2004), Generic ACL/AM Amendment (GMFMC 2011a), Reef Fish Amendments 30B (GMFMC 2008) and 32 (GMFMC 2011b), and in Reef Fish Amendment 53 (GMFMC 2021), and are incorporated here by reference and summarized below.

Red Grouper Biology

Larval red grouper is found in the plankton across the west-Florida shelf (SEDAR 42 2015). Red grouper juveniles are generally found in shallow waters around structures and patch reefs. When juveniles reach approximately 16 inches (40 cm) total length (TL), and after they become sexually mature, they move offshore (Moe 1969). Red grouper can reach a maximum length and weight of 43 inches (110 cm TL) and 50.7 pounds (lb) (23 kg) (Robins et al. 1986). Maximum age of red grouper in the Gulf has been estimated at 29 years (SEDAR 61 2019). Clear determinations of size and age at maturity have been difficult for red grouper (Fitzhugh et al. 2006 and references cited therein). Fitzhugh et al. (2006) estimated the size and age at which 50% of females were sexually mature at 11 inches (279 mm) fork length (FL) and approximately age 2. For SEDAR 42, the values were approximated at 11.5 inches (292 mm) FL and 2.8 years following the addition of samples collected from the West Florida Shelf by the Florida Fish and Wildlife Conservation Commission (FWC)/Fish and Wildlife Research Institute (FWRI) (Lowerre-Barbieri et al. 2014); however, the inclusion of 2014-2017 data led to a slightly younger age of 2.2 years in SEDAR 61. These values were retained in SEDAR 88 (2024).

Red grouper spawn from February until mid-July, with peak spawning occurring in the eastern Gulf during March through May (Fitzhugh et al. 2006). Red grouper is a protogynous hermaphrodite, transitioning from female to male at older ages (7-14 years), and forms harems for spawning (Domeier and Colin 1997). Age and size at sexual transition is approximately 10.5 years and 30 inches (76.5 cm) TL (Fitzhugh et al. 2006). Size and age at sexual transition was re-estimated for both SEDAR 42 and SEDAR 61 at 11.2 and 11.4 years and 707- and 708-mm (~28 inches) TL, respectively. Over the last 25-30 years, there has been little change in the sex ratio of red grouper (Lowerre-Barbieri et al 2014), likely because they do not aggregate (Coleman et al. 1996). Red grouper is also known as a "habitat engineer" because it creates and maintains excavations in the bottom substrate. These excavations also support other species that use them for food and shelter Coleman and Koenig (2010).

Red grouper is susceptible to red tide as outlined in Chagaris and Sinnickson (2018) and Coleman and Koenig (2010). Chagaris and Sinnickson (2018) found the percent of total biomass of red grouper killed by red tides has been relatively low since 2002, with the exception of the severe red tide bloom that occurred in 2005 (note that this manuscript did not include the 2017-2018 red tide event). These studies suggest that in general, severe red tide blooms occur at specific locations, not over the whole area where red grouper is found.

Status of the Stock

See Chapter 1.1 for more information. In summary, the Scientific and Statistical Committee, based on its review of SEDAR 88, indicated that the stock was not overfished or undergoing overfishing and recommended increases to the overfishing limit and acceptable biological catch relative to the current harvest limits. The SEDAR 88 stock assessment results indicated an increase in the red grouper stock size relative to the previous SEDAR 61 assessment; the primary driver of this outcome was the increase in the estimated natural mortality of red grouper relative to the previous stock assessment.

Bycatch

Many of the reef fish species co-occur with each other and can be incidentally caught when fishermen target certain species. In some cases, these fish may be discarded for regulatory reasons and thus are considered bycatch. Bycatch practicability analyses have been completed for red snapper (GMFMC 2004b, GMFMC 2007, GMFMC 2014, GMFMC 2015a), grouper (GMFMC 2008a, GMFMC 2010, GMFMC 2011b, GMFMC 2011c, GMFMC 2012a; and red grouper specifically in GMFMC 2021), vermilion snapper (GMFMC 2004c, GMFMC 2017), greater amberjack (GMFMC 2008c, GMFMC 2012b, GMFMC 2015b), gray triggerfish (GMFMC 2012c), and hogfish (GMFMC 2016). These analyses examined the effects of fishing on these species. In general, these analyses have found that reducing bycatch provides biological benefits, as well as benefits to the fishery through less waste, higher yields, and less forgone yield. However, in some cases, actions are approved that can increase bycatch through regulatory discards, such as increased minimum sizes and closed seasons. Under these circumstances, there is some biological benefit to the managed species that outweigh any increases in discards from the action. For a full description of the effects of this Amendment on bycatch, please see the bycatch practicability analysis in Appendix A of Amendment 62.

SEDAR 88 employed the same protocol in estimating discard mortality as the previous stock assessment, SEDAR 61 (2019). In SEDAR 61 (2019), the commercial discard mortality in the Post-IFQ bottom longline fishery was estimated at 44.1% (+0.5% from SEDAR 42 2015), while the Pre-IFQ estimate remained at 41.4%. In the commercial vertical line fishery, estimated discard mortality was 19.0%. The discard mortality rate used for recreational discards was 11.6%. This estimate included all sources of latent discard mortality for fish that were able to re-submerge and those that were alive and floating after release. Dead discards were included in recreational landings estimates, therefore no immediate mortality was applied to recreational discards.

The main benefits of reducing grouper bycatch are: 1) less waste and 2) increased yield in the directed fishery. Reducing discards and discard mortality rates would result in less forgone yield. Increasing ACLs in the commercial sector is expected to increase discards due to the greater number of regulatory discards (such as discard of undersized fish) that is expected to occur with the increased fishing effort associated with the higher commercial quota. The effects of increasing the recreational quota on bycatch is less clear. This is because the recreational season is projected to remain open for the entire year due to the increased catch limits, which would eliminate regulatory discards that have occurred in recent years after closure of the

recreation fishing season due to harvesting the quota. However, because recreational effort is expected to increase due to the lack of a closed season, it is also expected that other regulatory discards (such as discards of undersized fish) would increase with the increased catch limits. In any case, although the effects of the increasing catch limits are unclear for the recreational sector, there is expected to be a slight increase in bycatch overall due to increased regulatory discards across both sectors. This is especially true for smaller fish (less than the legal-size limit), since they are more likely to be discarded. Since smaller fish are generally caught in shallower waters and red grouper caught in shallow water have better survival rates, these released fish are expected to have higher survival rates relative to the larger fish caught in deeper water. Legal size fish would be less likely to be discarded under the increased catch limits because there would be no requirement to release them at any time of the year due to a season closure.

Protected Species and Protected Species Bycatch

The National Marine Fisheries Services manages marine protected species in the Southeast region under the Endangered Species Act (ESA) and the Marine Mammal Protection Act (MMPA). A brief summary of these two laws and more information is available on the National Marine Fisheries Service (NMFS) Office of Protected Resources website.[12] ESA-listed species of marine mammals, sea turtles, fish, and corals occur in the exclusive economic zone (EEZ) of the Gulf. There are numerous stocks of marine mammals managed within the Southeast region. All marine mammals in U.S. waters are protected under the MMPA.

The five whale species that may be present in the Gulf (blue, sperm, sei, fin, and Rice's[13]) are listed as endangered under the ESA. Rice's whales are the only resident baleen whales in the Gulf. Manatees, listed as threatened under the ESA, also occur in the Gulf and are the only marine mammal species in this area managed by the U.S. Fish and Wildlife Service.

Sea turtles, fish, and corals that are listed as threatened or endangered under the ESA occur in the Gulf. These include the following: five species of sea turtles (Kemp's ridley, loggerhead (Northwest Atlantic Ocean distinct population segment (DPS)), green (North Atlantic DPS), leatherback, and hawksbill); five species of fish (Gulf sturgeon, smalltooth sawfish, Nassau grouper, oceanic whitetip shark, and giant manta ray); and six species of coral (elkhorn, staghorn, lobed star, mountainous star, boulder star, and rough cactus). Critical habitat designated under the ESA for smalltooth sawfish, Gulf sturgeon, the Northwest Atlantic Ocean DPS of loggerhead sea turtles, and five of the listed coral species occur in the Gulf, though only loggerhead and coral critical habitat occurs in federal waters. Critical habitat has been proposed in the Gulf for the North Atlantic DPS of green sea turtles and Rice's whale.

The most recent biological opinion (BiOp) for the fishery management plan (FMP) was completed on September 30, 2011. The BiOp determined the operation of the Gulf reef fish fishery managed under the Reef Fish FMP is not likely to adversely affect ESA-listed marine mammals or coral and was not likely to jeopardize the continued existence of sea turtles

[12] https://www.fisheries.noaa.gov/about/office-protected-resources

[13] The Rice's whale (*Balaenoptera ricei*) was previously classified as the Gulf Bryde's whale but was later identified as morphologically and genetically distinct from other whales under the Bryde's whale complex, warranting classification as a new species of baleen whale living in the Gulf.

(loggerhead, Kemp's ridley, green, hawksbill, and leatherback) or smalltooth sawfish. Since issuing the opinion, in memoranda dated September 16, 2014, and October 7, 2014, NMFS concluded that the activities associated with the Reef Fish FMP are not likely to adversely affect critical habitat for the Northwest Atlantic Ocean loggerhead sea turtle DPS and four species of corals (lobed star, mountainous star, boulder star, and rough cactus).

On April 6, 2016, NMFS and the U.S. Fish and Wildlife Service published a final rule (81 FR 20057) removing the range-wide and breeding population ESA-listings of the green sea turtle and listing eight DPSs as threatened and three DPSs as endangered. The North Atlantic DPS of green sea turtle occurs in the Gulf and is listed as threatened. In addition, on June 29, 2016, NMFS published a final rule (81 FR 42268) listing Nassau grouper as threatened under the ESA. NMFS has reinitiated consultation on the FMP to address these listings. In a memorandum dated September 29, 2016, NMFS determined that fishing under the Reef Fish FMP during the re-initiation period is not likely to jeopardize the continued existence of the North Atlantic DPS of green sea turtles or Nassau grouper.[14]

On January 22, 2018, NMFS published a final rule (83 FR 2916) listing the giant manta ray as threatened under the ESA. On January 30, 2018, NMFS published a final rule (83 FR 4153) listing the oceanic whitetip shark as threatened under the ESA. In a memorandum dated March 6, 2018, NMFS revised the request for re-initiation of consultation on the Reef Fish FMP to address the listings of the giant manta and oceanic whitetip. In that memorandum, NMFS also determined that fishing under the Reef Fish FMP during the extended re-initiation period will not jeopardize the continued existence of the giant manta ray, oceanic whitetip shark, Nassau grouper, or the North Atlantic and South Atlantic DPSs of green sea turtles.

NMFS published a final rule on April 15, 2019, listing the Gulf Bryde's whale (now Rice's whale, see footnote 18 above) as endangered. In a memorandum dated June 20, 2019, NMFS revised the re-initiation request to include the Gulf Bryde's whale (Rice's whale) and determined that fishing under the Reef Fish FMP during the re-initiation period will not jeopardize the continued existence of any of the newly listed species discussed above.[15]

There is no information to indicate marine mammals and birds rely on red grouper for food, and they are not generally caught by fishermen harvesting red grouper. The primary gear in the Gulf Reef Fish fishery used to harvest red grouper is hook-and-line and bottom longlines. These gear types are classified in the proposed 2025 Marine Mammal Protection Act List of Fisheries as a Category III fishery (89 FR 77789; September 24, 2024), meaning the annual mortality and serious injury of a marine mammal resulting from the fishery is less than or equal to 1% of the maximum number of animals, not including natural mortalities, that may be removed from a marine mammal stock while allowing that stock to reach or maintain its optimum sustainable population. Additionally, there is no evidence that the red grouper portion of the reef fish fishery

[14] The memo also addressed the South Atlantic DPS of green sea turtle because at that time, NMFS thought that individuals from that DPS would be found in the Gulf based on a study that found that approximately 5% of the turtles sampled off the Atlantic coast of Florida came from the South Atlantic DPS. However, with additional research, NMFS has determined that South Atlantic juveniles are not likely to be occurring in U.S. mainland coastal waters in anything more than negligible numbers.

[15] The official change to the name has no effect on NMFS's conclusion that the activities associated with the Reef Fish FMP will not jeopardize the continued existence of the species during the revised reinitiation period.

as a whole is adversely affecting seabirds. Dolphins are the only species documented as interacting with the reef fish fishery. Bottlenose dolphin prey upon bait, catch, and/or discarded fish from the reef fish fishery.

3.3 Description of the Economic Environment

3.3.1 Commercial Sector

Any fishing vessel that harvests and sells any of the reef fish species managed under the Reef Fish FMP from the Gulf EEZ must have a valid Gulf reef fish permit. As of July 8, 2021, there were 825 limited access valid or renewable reef fish permits (SERO Permits Database, May 2022). Note, more recent permit information is currently unavailable. To harvest red grouper, a vessel permit must also be linked to an IFQ account and possess sufficient allocation for this species. IFQ accounts can be opened, and valid permits can be linked to IFQ accounts at any time during the year. Eligible vessels can receive red grouper allocation from other IFQ participants or purchase shares from another IFQ account that will result in allocation the following year. On average from 2020 through 2024, there were 671 IFQ accounts that held red grouper allocation and 68% of those held red grouper shares (NMFS 2025).

Although many fishing businesses only own one permitted vessel, some hold or own multiple permits and vessels. Detailed discussions on the business composition of IFQ participants are provided in the description of the economic environment sections of the 2019 Red Grouper Framework Action to modify ACLs and ACTs (GMFMC 2019), as well as Amendment 53 (GMFMC 2021) and are incorporated herein by reference.

Commercial harvest of reef fish in the EEZ may only be sold to dealers with a federal dealer permit. As of December 21, 2021, there were 341 entities with a federal Gulf and South Atlantic Dealers (GSAD) permit (J. Dudley, NMFS SERO, pers. comm. 2022). To purchase IFQ species, including red grouper, dealers are also required to have a Gulf IFQ dealer endorsement. As of July 22, 2022, there were 166 eligible IFQ dealers; however, the total number of dealers can vary over the course of the year and from year to year.

Vessels, Landings, and Dockside Revenue

The information in Table 3.3.1.1 describes the landings and revenue for vessels that harvested red grouper each year from 2020 through 2024, including their revenue from other IFQ species, Gulf non-IFQ fisheries, and South Atlantic fisheries. From 2020 to 2024, the number of Gulf red grouper vessels fluctuated but showed an overall decline. Vessel participation decreased by 8% from 2020 to 2021 and continued to decline by about 5% in 2022. While there was an increase of around 5% in 2023, vessel participation in the commercial Gulf red grouper fishery declined again by 1% in 2024.

Revenue from landings of Gulf red grouper increased by 15% from 2020 to 2021 but declined by 7% in 2022. Revenue from landings of Gulf red grouper increased 11% in 2023 and recently decreased by less than 1% in 2024. Revenue from landings of other IFQ species by Gulf red grouper vessels increased by 16% in 2021 declined by 17% in 2023, and further by 18% in 2024, indicating a steady decline in recent years of revenue from landings of other IFQ species.

Revenue from Gulf non-IFQ species decreased by 4% in 2021 and slightly further in 2022. Revenue from Gulf non-IFQ species increased by 18% in 2023, followed by a decline of over 16% in 2024. Thus, revenue from Gulf non-IFQ species fluctuated overall on average during this timeframe. Revenue from South Atlantic species showed large fluctuations from year-to-year changes. Revenue from South Atlantic species landings increased by 136% from 2020 to 2021 and further by 74% in 2022. However, revenue from South Atlantic species declined by over 50% in 2023 then increased by 68% in 2024. Average total ex-vessel revenue per vessel increased by 23% from 2020 to 2021, and by 2% again in 2022. However, average total ex-vessel revenue per vessel has declined since, with consecutive declines of approximately 9% in 2023 and 10% in 2024. Although not shown in the table, the maximum annual value of all landings by a single Gulf red grouper vessel from 2020 through 2023 was approximately $1.24 million (2024 dollars[16]) in 2022.

Table 3.3.1.1. Landings, in pounds gutted weight (lb gw), and revenue for vessels harvesting red grouper species (2024 dollars).

Year	# of Vessels	Red grouper landings lb gw	Red grouper ex-vessel revenue	Other IFQ species ex-vessel revenue	Gulf Non-IFQ species ex-vessel revenue	South Atlantic all species ex-vessel revenue	Average ex-vessel revenue per vessel
2020	351	2,259,579	$13,571,298	$23,367,265	$5,525,958	$206,040	$121,569
2021	323	2,640,318	$15,535,713	$27,092,660	$5,323,849	$486,164	$149,964
2022	306	2,270,991	$14,479,587	$26,326,506	$5,297,679	$843,496	$153,422
2023	320	2,497,118	$16,012,728	$21,835,892	$6,248,546	$416,004	$139,104
2024	318	2,527,088	$15,893,495	$17,883,189	$5,225,094	$696,518	$124,837
Average	**324**	**2,439,019**	**$15,098,564**	**$23,301,102**	**$5,524,225**	**$529,644**	**$137,779**

Source: NMFS SERO IFQ database (accessed 5/1/2024) and Southeast Fisheries Science Center (SEFSC) Socioeconomic Panel (January 2025 version).

IFQ Share Transfer, IFQ Allocation Transfer, and Ex-vessel Prices

Price information is important for evaluating the performance of a catch share program. Theoretically, allocation prices should reflect the expected annual profit from harvesting one unit of quota, whereas share prices should reflect the net present value of the expected profit from harvesting one unit of quota in the long run. Dockside or ex-vessel price is the price the vessel receives at the first sale of harvest. Average share transfer[17] prices increased from 2021 through 2023, with a notable increase from 2021 to 2022. Allocation transfer prices generally increased as well, but ex-vessels prices fluctuated from year to year (Table 3.3.1.2). Ex-vessel price increased on average by less than a percent each year over this period; the average allocation transfer price increased on average by 41%; and the average share price increased by 38% in each year.

[16] Dollar values have been adjusted for inflation using the U.S. Bureau of Economic Analysis Gross domestic product implicit price deflator series (A191RD3A086NBEA). Accessed 07/15/2025.
[17] Share transfer price refers to the price paid to purchase a share percentage that equates to one pound of red grouper allocation at the time the transfer occurs (NMFS 2025).

Table 3.3.1.2. Average red grouper share transfer, allocation transfer, and ex-vessel prices per pound-gutted weight in 2024 dollars.

Year	Share Transfer	Allocation Transfer	Ex-Vessel
2020	$7.33	$0.56	$6.04
2021	$7.28	$0.74	$5.95
2022	$19.83	$1.71	$6.37
2023	$18.72	$1.82	$6.44
2024	$15.94	$1.71	$6.30
Average	**$13.82**	**$1.31**	**$6.22**

Source: NMFS (2025)

Liese (2023) provides estimates of economic returns such as annual vessel-level estimates of costs (as a percentage of revenue) and net revenue from operations for vessels that harvested red grouper during 2020-2024[18]. Estimates of producer surplus (PS) can be calculated from the cost information contained in Liese (2023) in conjunction with estimates of annual revenue from the SERO IFQ database and the Southeast Fisheries Science Center (SEFSC) Social Science Research Group Socioeconomic Panel. Producer surplus is total annual revenue minus variable costs, including the costs for fuel, other supplies, and hired crew, as well as the opportunity cost of an owner's time as captain. Net revenue from operations, which most closely represents economic profits to the owner(s), is total annual revenue minus variable and fixed costs, including the costs for fuel, other supplies, hired crew, vessel repair and maintenance, insurance, and overhead, as well as the opportunity cost of an owner's time as captain and the vessel's depreciation. According to Liese (2023), PS for commercial vessels that harvested Gulf red grouper was approximately 47.6% of their annual gross revenue, on average, from 2014 through 2018. Net revenue from operations was 28.1% of their annual gross revenue, on average, during this period. Applying these percentages to the results provided in Table 3.3.1.1 would result in an estimated per vessel average annual PS of $ $65,583 (2024 dollars) and an average annual net revenue from operations of $38,716 per year. Liese (2023) also provides annual trip-level estimates of costs (as a percentage of trip revenue) and trip net revenue for vessels that harvested snappers and groupers in the South Atlantic. According to Liese (2023), labor, including both hired and owner's time, consumed 37.1% of trip revenue and fuel and supplies consumed 19.5%, leaving a trip net revenue margin of 43.4%, on average, from 2014 through 2018.

Dealers

The information in Table 3.3.1.3 illustrates the purchasing activities of dealers that bought Gulf red grouper landed from vessels during 2020 through 2024. From 2020-2024 dealer participation declined by an average of 5% each year in the Gulf red grouper IFQ program. On average, purchases of IFQ species accounted for 41% of dealer's revenue during this period, with red grouper specifically accounting for 13% of total revenue. While the total value of red grouper purchases fluctuated annually, the total value of red grouper purchases in 2024 increased by 27% relative to 2020. Additionally, the average annual value of all dealer

[18] This report is available at: https://repository.library.noaa.gov/view/noaa/56480.

purchases increased from 2020 through 2023 before declining slightly in 2024. Although not included in the table, the maximum annual value of all purchases made by a single dealer between 2020 and 2024 was approximately $16.1 million (in 2024 dollars) in 2022.

Table 3.3.1.3. Purchase statistics for dealers that bought red grouper (2024 dollars).

Year	Number of Dealers	Red Grouper Purchases	Other IFQ Purchases	Gulf Non-IFQ Purchases	South Atlantic Purchases	Average total purchases per dealer
2020	121	$15,019,504	$36,841,420	$44,647,281	$22,048,188	$979,805
2021	102	$16,462,022	$38,203,116	$55,073,442	$24,665,534	$1,317,687
2022	105	$18,744,744	$39,298,680	$59,021,599	$27,631,320	$1,378,060
2023	98	$15,864,054	$38,658,752	$52,115,020	$29,536,980	$1,389,539
2024	97	$16,080,594	$31,904,811	$45,090,788	$26,284,615	$1,230,524
Average	**105**	**$16,434,184**	**$36,981,356**	**$51,189,626**	**$26,033,327**	**$1,259,123**

Source: SEFSC Fishing Communities Web Query Tool (Version Jan 14, 2026, Years: 2000-2024).

Imports

Imports of foreign seafood products compete within the domestic seafood market, and in the U.S., imports dominate many segments of that market. Imports also tend to be price setters (products that are able to set prices in a market, due to the influence of having a majority of market share). Seafood imports can have downstream effects on the local fish market. At the harvest level, imports can affect ex-vessel prices fishermen receive for landings. As substitutes to domestic production, imports tend to cushion the adverse economic effects on consumers resulting from a reduction in domestic landings. Imports that directly compete with domestic reef fish, including red grouper, are described in this section.

Groupers

According to NMFS' foreign trade data,[19] grouper are not exported. Imports of fresh and frozen grouper products, which also directly compete with domestic harvest of Gulf reef fish species, are described in this section. As shown in Table 3.3.1.4, imports of fresh grouper products peaked in 2023. Total value of fresh grouper imports has been increasing in recent years and averaged $63.0 million (2024 dollars) annually. The average price per pound (lb) product weight (pw) for fresh grouper products was $5.32 from 2020-2024. Although not shown in the table, these products primarily originated from Mexico, Brazil, and Panama from 2020-2024.

[19] https://www.fisheries.noaa.gov/foss/

Table 3.3.1.4. Annual pounds and value of fresh grouper imports 2020-2024.

Year	Total Pounds (lb)	Total Value	Price per Pound ($/lb)
2020	10,449,994	$46,394,887	$4.43
2021	12,246,904	$65,449,667	$5.34
2022	11,700,388	$66,946,463	$5.72
2023	12,628,176	$68,236,890	$5.41
2024	11,995,196	$68,346,048	$5.70
Average	**11,804,132**	**$63,074,791**	**$5.32**

Source: NOAA Foreign Trade Query Tool, accessed 10/20/24.

As shown in Table 3.3.1.5, imports of frozen grouper products peaked at 2.2 million lb pw in 2021 and have been declining since. Total revenue from frozen grouper increased sharply from $1.7 to $5.8 million from 2020 to 2021 but also declined nearly as sharply in 2022 to $2.9 million. The average price per lb pw for frozen grouper products was $2.30 from 2020-2024. Although not shown in the table, imports of frozen grouper products primarily originated in Brazil, Suriname, and Indonesia from 2020-2024.

Table 3.3.1.5. Annual pounds and value of frozen grouper imports and share of imports by country, 2020-2024.

Year	Total Pounds (lb)	Total Value	Price per Pound ($/lb)
2020	814,426	$1,718,333	$2.10
2021	2,190,003	$5,818,759	$2.66
2022	1,339,501	$2,942,717	$2.20
2023	1,154,097	$2,676,394	$2.31
2024	1,097,656	$2,459,846	$2.24
Average	**1,319,137**	**$3,123,210**	**$2.30**

Source: NOAA Foreign Trade Query Tool, accessed 08/18/24.

Snappers

Imports of fresh and frozen snapper products, which directly compete with domestic harvest of Gulf reef fish species are described in this section. As shown in Table 3.3.1.6, imports of fresh snapper products were 32.4 million lb pw in 2020. They peaked at 36.0 million lb pw in 2021. Total revenue from snapper imports increased to a five-year high of $169 million in 2021 (2024 dollars). The average price per pound for fresh snapper products was $4.48 from 2020-2024 and prices varied over this period. Although not shown in the table, imports of fresh snapper products primarily originated in Mexico, Nicaragua, or Panama from 2020-2024.

Table 3.3.1.6. Annual pounds and value of fresh snapper imports and share of imports by country, 2020-2024. All monetary estimates are in 2024$.

Year	Total Pounds (lb)	Total Value	Price per Pound ($/lb)
2020	32,394,316	$129,401,869	$3.99
2021	35,969,857	$169,002,918	$4.70
2022	32,180,318	$150,937,686	$4.69
2023	32,108,363	$142,592,355	$4.44
2024	30,474,645	$139,494,605	$4.58
Average	**32,625,500**	**$146,285,887**	**$4.48**

Source: NOAA Foreign Trade Query Tool, accessed 10/20/24.

As shown in Table 3.3.1.7, total revenue from imports of frozen snapper increased from $55.2 million (2024 dollars) in 2020 to a five-year high of $75.7 million in 2021 (2024 dollars) followed by a 40% decrease through 2023. The average price per pound for frozen snapper products was $3.86, with a notable decrease from 2022 to 2023. Although not shown in the table, imports of frozen snapper product primarily originated in Brazil or Suriname, from 2020-2024.

Table 3.3.1.7. Annual pounds and value of frozen snapper imports and share of imports by country, 2020-2024.

Year	Total Pounds (lb)	Total Value	Price per Pound ($/lb)
2020	15,873,809	$55,208,728	$3.48
2021	18,224,848	$75,715,262	$4.15
2022	16,941,442	$70,812,484	$4.18
2023	11,701,409	$42,501,474	$3.64
2024	14,836,601	$57,206,691	$3.86
Average	**15,515,622**	**$60,288,928**	**$3.86**

Source: NOAA Foreign Trade Query Tool, accessed 10/20/24.

Business Activity

The commercial harvest and subsequent sales and consumption of fish generates business activity as fishermen expend funds to harvest the fish and consumers spend money on goods and services, such as grouper purchased at a local fish market and served during restaurant visits. These expenditures spur additional business activity in the region(s) where the harvest and purchases are made, such as jobs in local fish markets, grocers, restaurants, and fishing supply establishments. In the absence of the availability of a given species for purchase, consumers would spend their money on substitute goods, such as other finfish or seafood products, and

services, such as visits to different food service establishments. As a result, the analysis presented below represents a distributional analysis that only shows how economic impacts may be distributed through regional markets. It should not be interpreted to represent the impacts if these species are not available for harvest or purchase.

Economic impact models can be used to determine the sources of the impacts. Each impact can be broken down into direct, indirect, and induced economic impacts. "Direct" economic impacts are the results of the money initially spent in the study area (e.g., country, region, state, or community) by the fishery or industry being studied. This includes money spent to pay for labor, supplies, raw materials, and operating expenses. The direct economic impacts from the initial spending create additional activity in the local economy, i.e., "indirect" economic impacts. Indirect economic impacts are the results of business-to-business transactions indirectly caused by the direct impacts. For example, businesses initially benefiting from the direct impacts will subsequently increase spending at other local businesses. The indirect economic impact is a measure of this increase in business-to-business activity, excluding the initial round of spending which is included in the estimate of direct impacts. "Induced" economic impacts are the results of increased personal income caused by the direct and indirect economic impacts. For example, businesses experiencing increased revenue from the direct and indirect impacts will subsequently increase spending on labor by hiring more employees, increasing work hours, raising salaries/wage rates, etc. In turn, households will increase spending at local businesses. The induced impact is a measure of this increase in household-to-business activity.

Estimates of the U.S. average annual business activity associated with the commercial harvest of all Gulf reef fish species were derived using the model developed for and applied in NMFS (2024a)[20] and are provided in Table 3.3.1.8. Specifically, these impact estimates reflect the expected impacts from average annual gross revenues generated by landings of red grouper IFQ species from 2020 through 2024. This business activity is characterized as jobs (full- and part-time equivalents), income impacts (wages, salaries, and self-employed income), value-added impacts (the difference between the value of goods or services and the cost of materials, supplies, and labor across the supply chain), and output impacts (gross business sales). Income impacts should not be added to output (sales) impacts because this would result in double counting.

The results provided here should be interpreted with caution. The results are based on average relationships developed through the analysis of many fishing operations that harvest many different species.

[20] A detailed description of the input/output model is provided in NMFS (2011).

Table 3.3.1.8. Average annual business activity (2020 through 2024) associated with the commercial harvest of red grouper in the Gulf. All monetary estimates are in thousands of 2024 dollars.

Harvesters	Direct	Indirect	Induced	Total
Employment impacts	284	44	58	387
Income impacts	$8,152	$1,513	$3,660	$13,325
Total value-added impacts	$8,689	$5,449	$6,262	$20,400
Output Impacts	$15,099	$12,284	$12,156	$39,539
Primary dealers/processors	**Direct**	**Indirect**	**Induced**	**Total**
Employment impacts	59	24	41	124
Income impacts	$2,660	$2,451	$2,318	$7,429
Total value-added impacts	$2,835	$3,128	$4,365	$10,328
Output impacts	$8,561	$6,448	$8,532	$23,541
Secondary wholesalers/ distributors	**Direct**	**Indirect**	**Induced**	**Total**
Employment impacts	27	6	27	60
Income impacts	$1,585	$471	$1,667	$3,722
Total value-added impacts	$1,689	$790	$2,847	$5,326
Output impacts	$4,244	$1,547	$5,536	$11,328
Grocers	**Direct**	**Indirect**	**Induced**	**Total**
Employment impacts	118	13	26	157
Income impacts	$3,260	$1,083	$1,636	$5,979
Total value-added impacts	$3,474	$1,745	$2,770	$7,989
Output impacts	$5,571	$2,834	$5,438	$13,843
Restaurants	**Direct**	**Indirect**	**Induced**	**Total**
Employment impacts	733	49	120	901
Income impacts	$13,075	$3,966	$7,490	$24,530
Total value-added impacts	$13,938	$7,088	$12,619	$33,645
Output impacts	$25,485	$11,092	$24,901	$61,479
Harvesters and seafood industry	**Direct**	**Indirect**	**Induced**	**Total**
Employment impacts	1,221	136	272	1,629
Income impacts	$28,731	$9,485	$16,770	$54,986
Total value-added impacts	$30,626	$18,201	$28,862	$77,689
Output impacts	$58,960	$34,207	$56,563	$149,730

3.4 Description of the Social Environment

This amendment affects the commercial management of red grouper in the Gulf. The following description presents baseline information on fishing participants and fishing communities. This description includes the current status of the fishery in order to present the communities that are expected to be primarily affected by the actions in this amendment because they are the most engaged in and/or reliant on the fishery and is used to inform the social effects. Community level data are presented whenever possible to meet the requirements of National Standard 8 of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), which requires consideration of the importance of fishery resources to human communities when changes to fishing regulations are considered.

The following description includes permits related to the commercial and recreational reef fish fishing by state and to provide a geographic distribution of fishing involvement. The most recent data available has been utilized in the following section; however, the year range or date presented may not match what is included elsewhere because some sources of data are not available at the community or state level. Top communities based on the number of permits are presented. Commercial landings by state are included to provide information on the geographic distribution of fishing involvement.

Descriptions of red grouper IFQ accounts with shares, red grouper IFQ accounts with shares and permits, red grouper IFQ accounts with allocation but without shares, red grouper IFQ accounts with allocation but without shares and with a permit, and red grouper IFQ species dealers are included at the state and community level. The top communities in the Gulf by commercial landings are identified and their commercial engagement and reliance are described. Lastly, social vulnerability data are presented for all top-ranking communities.

3.4.1 Commercial Sector

Description of the IFQ Program

Commercial fishing for red grouper is part of a multi-species reef fish fishery with species commonly co-occurring and co-caught and is conducted through the Grouper-Tilefish (GT) IFQ program. The GT IFQ program includes five share categories including a red grouper IFQ share category. There is a high degree of overlap in participation among share categories within the GT IFQ program, with the majority of shareholders holding shares in three or more share categories since the start of the program (NMFS 2024). There is also great overlap between vessels that land GT IFQ and those that land Red Snapper IFQ, a separate, but related IFQ program (94% of GT IFQ vessels landed Red Snapper IFQ in 2023, NMFS 2024).

Participants in the IFQ program include shareholders (those who hold shares and receive annual allocation from those shares), allocation only holders (those who purchase or use annual allocation from other shareholders; however, these accounts may be related to shareholder accounts), vessel owners, vessel lessees, permit owners, hired captains, crew, or fish dealers. Shareholders can include such categories of participants as commercial and for-hire fishermen, fish dealers, brokers (those who own shares and sell their allocation to others), and restaurant

owners. Shareholders can be involved in the program in multiple ways and through a variety of business arrangements; for example, a shareholder can include an individual or company that owns a vessel and permit, owns shares, fishes their allocation, and purchases additional allocation from others. Another example of a shareholder is a business that owns a vessel, owns a permit, owns shares, and acts as a fish dealer. Some fish dealers open a shareholder account to acquire shares and allocation for use by the vessels that supply fish for their fish house, within some cases, a fleet of vessels reliant on the allocation that they procure. Dealers must have an IFQ account and an IFQ dealer endorsement in order to receive landings of IFQ species.

Interactions between participants within the IFQ program are critical to the way that fishermen operate within the system and comply with the rules and regulations. Anecdotally, it has been reported that fishermen frequently rely on their social networks, the people they know, to find shares and allocation for sale. In particular, it has been described that fishermen frequently rely on their fish dealers for allocation. Some fishermen also rely on their dealer or someone more technically inclined to help them to fill out paperwork required for permit applications or IFQ requirements. In 2025, the IFQ system launched a marketplace to advertise shares or allocation for sale.

Red grouper allocation is distributed annually to shareholders. The amount of allocation received by each shareholder is based on a proportion of the quota for the year, with the initial issuance of share amounts based on past participation. Shares and allocation can be bought and sold, and the number of shares held by particular shareholders and number of entities holding shares has declined over time (692 shareholders at the beginning of the program compared to 454 in 2023, NMFS 2024). The greatest proportion 56% of shares in 2023 of red grouper IFQ shares are held by medium shareholders (medium is categorized as holding between 0.05-1.4999% of shares), followed by large shareholders (41%, large is categorized as holding greater than or equal to 1.5% of shares), and small (3%, small is categorized as holding less than 0.05% of shares, NMFS 2024). Conversely, the greatest number of red grouper IFQ shareholders are small (62% of shareholders in 2023), followed by medium shareholders (35%), and large shareholders (3%). New shareholders can participate through the purchase of shares from other shareholders and those without shares are able to participate and land red grouper species through the purchase or use of another shareholder's allocation through allocation transfers.

Annual allocation can be transferred, resulting from the purchase of allocation (commonly referred to as leasing quota) or through other arrangements, for example, such as the transfer of allocation to a related account (such as another account with at least one shareholder in common) or for example, a transfer to a shareholder whose vessel is delivering fish to the shareholder's fish house. A sizable proportion of participants (33% of red grouper allocation holders in 2023, NMFS 2024) acquire red grouper allocation via transfer and do not hold red grouper shares; however, some may receive allocation from a related account that holds shares. In addition, those without shares land the majority of landings of red grouper (65% in 2023, NMFS 2024). Allocation is transferred more than the total amount of the quota and may often be transferred multiple times before being used to account for landings. For example, in 2023, 294% of the red grouper quota was transferred through 3,839 allocation transfers (NMFS 2024).

Permits

Gulf reef fish permits are limited access, but transferable. The name(s) listed on the permit must exactly match the name(s) listed on the IFQ account in order to harvest IFQ species. Gulf reef fish permits are issued to entities, such as individuals and/or businesses in Florida (81.4% of Gulf reef fish vessels), Texas (7.8%), Alabama (4.5%), Louisiana (3.8%), and Mississippi (0.9%) (SERO permit office, July 8, 2021). Residents of other states (Arkansas, Georgia, Illinois, Maryland, Missouri, North Carolina, New York, Oklahoma, and South Carolina) also hold commercial reef fish permits, but these states represent a smaller percentage of the total number of issued permits.

Gulf reef fish permits are held by those with mailing addresses in 232 communities (SERO permit office, July 8, 2021). Communities with the most commercial reef fish permits are located in Florida and Texas (Table 3.4.1.1). The communities with the most reef fish permits are Panama City, Florida (9.1% of reef fish permits), Key West, Florida (4.8%), and St. Petersburg, Florida (3.3%).

Table 3.4.1.1. Top communities by number of Gulf reef fish permits.

State	Community	Reef Fish Permits (RR)
FL	Panama City	82
FL	Key West	43
FL	St. Petersburg	30
FL	Largo	26
TX	Galveston	22
FL	Destin	22
FL	Cortez	21
FL	Pensacola	21
FL	Seminole	20
FL	Clearwater	16
FL	Tampa	16
FL	Lynn Haven	13
FL	Naples	13
FL	Steinhatchee	13
FL	Apalachicola	11
FL	Tarpon Springs	11

Source: SERO permit office, July 8, 2021.

Landings

Nearly all of the commercial catch of red grouper is landed along the west coast of Florida (average of 99.9% from 2016-2020), with small proportions landed in Louisiana, Alabama, and Texas (NMFS SERO IFQ database accessed 4/2/25).

IFQ Accounts

To land IFQ-managed species, such as red grouper, fishermen need a permitted vessel with an active VMS unit, and sufficient IFQ allocation in the vessel's account to land the fish. Like permits, some accounts are held in the name of an individual, or more than one individual, while others form business entities and open accounts in the name of the business. This makes it more difficult to talk about the social environment as there may be multiple individuals behind the account, and they may not reside in the same area. In the following analysis, accounts are described at the state and community level based on the mailing address of the self-designated primary entity (e.g., individual, business, or primary entity listed on the permit or IFQ application when held by more than one entity).

An IFQ account, also called shareholder account, is required to hold shares and allocation. The number of accounts is used here as a proxy to represent the number of participants and may represent more than one entity.

Shareholders

As of July 8, 2021, a total of 480 IFQ accounts held shares of red grouper IFQ (IFQ database; includes active and suspended accounts). The majority of accounts with red grouper IFQ shares have a mailing address in Florida (86% of accounts with red grouper IFQ shares, Table 3.4.1.2), followed by Alabama (4.2%), Texas (2.7%), Louisiana (2.5%), and Mississippi (0.8%). Accounts with mailing addresses in other states (Arkansas, Georgia, Michigan, North Carolina, New York, Ohio, Oregon, South Carolina, Tennessee, Utah, and Wyoming) also hold red grouper IFQ shares, but these states represent a smaller percentage of the total number of accounts with shares.

The majority of red grouper IFQ shares are held in accounts with mailing addresses in Florida, followed by Texas (Table 3.4.1.2). Accounts in Alabama, Louisiana, Mississippi, and other states also hold red grouper IFQ shares, but these states represent a smaller percentage of shares.

Table 3.4.1.2. Number of IFQ accounts with red grouper shares by state, including the percentage of shares by state.

State	Accounts	Red Grouper Shares (%)
AL	20	0.870
FL	413	83.162
LA	12	0.028
MS	4	0.141
TX	13	6.172
Other	18	9.425
Total	480	99.799

Source: NMFS SERO IFQ database accessed 7/8/21.
Note: Includes active and suspended accounts.

Accounts with red grouper IFQ shares are held by people with mailing addresses in a total of 166 communities (IFQ database accessed 7/8/21). Communities with the most accounts with red grouper IFQ shares are located in Florida (Table 3.4.1.3). The community with the most accounts with red grouper IFQ shares is Panama City, Florida (8.3% of accounts with shares), followed by Key West, Florida (4.8%), and Largo, Florida (3.8%).

Table 3.4.1.3. Top communities by number of IFQ accounts with red grouper shares, including the percentage of shares by community.

State	Community	Accounts	Red Grouper Shares (%)
FL	Panama City	40	4.827
FL	Key West	23	0.456
FL	Largo	18	8.416
FL	Cortez	15	6.342
FL	St. Petersburg	15	4.990
FL	Destin	12	0.177
FL	Pensacola	12	0.038
FL	Tarpon Springs	10	2.054
FL	Apalachicola	9	2.284
FL	Steinhatchee	9	2.452
FL	Clearwater	8	6.781
FL	Seminole	8	3.602
FL	Tampa	8	0.327

Source: NMFS SERO IFQ database accessed 7/8/21.

The largest percent of red grouper IFQ shares held in a community is 8.416% is in Largo, Florida (IFQ database accessed 7/8/21). The percentage of shares by community varies widely and a large number of accounts with shares may not necessarily correlate to a large percentage of shares in a particular category (Table 3.4.1.3). Some communities with a relatively smaller number of accounts may have a larger percentage of shares.

Shareholders with Permits

As of July 8, 2021, a total of 275 IFQ accounts held shares of red grouper IFQ and a reef fish permit (IFQ database; includes active and suspended accounts). Shareholders with an IFQ account with shares of red grouper and a reef fish permit held approximately 68.7% of the red grouper shares (Table 3.4.1.4). The majority of accounts with red grouper IFQ shares and a reef fish permit have a mailing address in Florida (90.9% of accounts with red grouper IFQ shares and a reef fish permit), followed by Alabama and Texas (each with 3.3%), and Louisiana and Mississippi (1.8%). Louisiana and Mississippi are combined to maintain confidentiality. Accounts with mailing addresses in other states (Arkansas and New York) also hold red grouper IFQ shares and a reef fish permit, but these states represent a smaller percentage of the total number of accounts with shares and a permit.

The majority of red grouper IFQ shares held by accounts with red grouper shares and a reef fish permit are held by those with mailing addresses in Florida, followed by Texas (Table 3.4.1.2). Accounts in Alabama, Louisiana, Mississippi, and other states also hold red grouper IFQ shares and a reef fish permits, but these states represent a smaller percentage of shares.

Table 3.4.1.4. Number of IFQ accounts with red grouper shares and a reef fish permit by state, including the percentage of shares by state.

State	Accounts	Red Grouper Shares (%)
AL	9	0.848
FL	250	62.049
LA/MS	5	0.160
TX	9	5.532
Other	2	0.069
Total	275	68.657

Source: NMFS SERO IFQ database accessed 7/8/21.
Note: Includes active and suspended accounts.

Accounts with red grouper IFQ shares and a reef fish permit are held by people with mailing addresses in a total of 112 communities (IFQ database accessed 7/8/21). Communities with the most accounts with red grouper IFQ shares and a reef fish permit are located in Florida (Table 3.4.1.5). The community with the most accounts with red grouper IFQ shares and a permit is Panama City, Florida (9.8% of accounts with shares and a permit), followed by Cortez and Key West, Florida (each with 5.1%), and St. Petersburg, Florida (3.6%).

Table 3.4.1.5. Top communities by number of IFQ accounts with red grouper shares and a permit, including the percentage of shares by community.

State	Community	Accounts	Red Grouper Shares (%)
FL	Panama City	27	4.264
FL	Cortez	14	6.303
FL	Key West	14	0.249
FL	St. Petersburg	10	4.626
FL	Steinhatchee	8	2.279
FL	Destin	7	0.029
FL	Apalachicola	6	2.196
FL	Largo	6	6.019
FL	Seminole	6	2.811
FL	Tarpon Springs	6	2.011
FL	Clearwater	5	5.769
FL	Tampa	5	0.311

Source: NMFS SERO IFQ database accessed 7/8/21.

The largest percent of red grouper IFQ shares held in a community by IFQ accounts with red grouper shares and a permit is 6.303% in Cortez, Florida (IFQ database accessed 7/8/21). The percentage of shares by community varies widely and a large number of accounts with shares may not necessarily correlate to a large percentage of shares in a particular category (Table 3.4.1.5).

Allocation Only Holders

In 2020, a total of 207 IFQ accounts held red grouper IFQ allocation without red grouper IFQ shares (IFQ database accessed 2/25/22). However, some of these accounts may be related to accounts with red grouper shares. The majority of accounts with red grouper IFQ allocation, but without red grouper IFQ shares have mailing addresses in Florida (90.8% of accounts with red grouper allocation, but without red grouper shares, Table 3.4.1.6), followed by Alabama and Louisiana (each with 2.4%), and Texas (1.4%). Account holders with red grouper allocation, but without red grouper shares also have mailing addresses in other states (Georgia, Illinois, Massachusetts, North Carolina, Ohio, and South Carolina), but these states represent a smaller percentage of the total number of accounts with allocation, but without shares.

Table 3.4.1.6. Number of IFQ accounts with red grouper allocation, but without red grouper shares by state, 2020.

State	Accounts
AL	5
FL	188
LA	5
MS	0
TX	3
Other	6
Total	207

Source: NMFS SERO IFQ database accessed 2/25/22.

IFQ accounts with red grouper IFQ allocation, but without red grouper IFQ shares, have mailing addresses in a total of 92 communities (IFQ database accessed 2/25/22). Communities with the most accounts with allocation, but without shares are located in Florida (Table 3.4.1.7). The community with the most accounts with allocation, but without shares is Panama City, Florida (8.2% of accounts with allocation, but without shares, Table 3.4.1.7), followed by St. Petersburg, Florida (5.8%) and Largo, Florida (5.3%).

Table 3.4.1.7. Top communities by number of IFQ accounts with red grouper allocation, but without red grouper shares, 2020.

State	Community	Accounts
FL	Panama City	17
FL	St. Petersburg	12
FL	Largo	11
FL	Madeira Beach	8
FL	Seminole	7
FL	Key West	6
FL	Pensacola	5
FL	Cape Coral	4
FL	Clearwater	4
FL	Crawfordville	4
FL	Hernando Beach	4
FL	Indian Shores	4
FL	Lecanto	4
FL	Tampa	4

Source: NMFS SERO IFQ database accessed 2/25/22.

Allocation Only Holders with Permits

In order to describe IFQ accounts that held red grouper IFQ allocation without red grouper shares and also held a reef fish permit at the state and community level, IFQ account data for the year 2020 was compiled with permits data as of July 8, 2021. If an account could not be

matched, the permits database was queried manually to check if a reef fish permit was held in the name or business of the account holder. This analysis resulted in a total of 192 IFQ accounts that held red grouper IFQ allocation without red grouper IFQ shares, but were associated with a reef fish permit. However, some of these accounts may be related to accounts with red grouper shares. The majority of accounts with red grouper allocation only with a reef fish permit have mailing addresses in Florida (93.2% of red grouper allocation only holders with permits, Table 3.4.1.8), followed by Louisiana and Texas (2.6%), and Alabama (1.6%). Louisiana and Texas are combined to maintain confidentiality. Red grouper allocation only accounts with permits also have mailing addresses in other states (Georgia, Illinois, North Carolina, Ohio, and South Carolina), but these states represent a smaller percentage of accounts with red grouper allocation only and with a reef fish permit.

Table 3.4.1.8. Number of IFQ accounts with red grouper allocation, but without red grouper shares and with a permit by state, 2020.

State	Accounts
AL	3
FL	179
LA/TX	5
MS	0
Other	5
Total	192

Source: NMFS SERO IFQ database accessed 2/25/22; SERO permit office, July 8, 2021; and SERO permit database accessed March 13, 2026.

Red Grouper allocation only accounts with permits have mailing addresses in a total of 85 communities (IFQ database accessed 2/25/22; SERO Permit Office, July 8, 2021, and SERO Permit database accessed March 13, 2026). Communities with the most accounts with red grouper allocation only with a permit are located in Florida (Table 3.4.1.9). The community with the most accounts with red grouper allocation only with a permit is Panama City, Florida (8.9% of accounts with allocation, but without shares, Table 3.4.1.7), followed by Largo, Florida (5.7%) and St. Petersburg, Florida (4.7%).

Table 3.4.1.9. Top communities by number of IFQ accounts with red grouper allocation, but without red grouper shares and with a permit, 2020.

State	Community	Accounts
FL	Panama City	17
FL	Largo	11
FL	St. Petersburg	9
FL	Madeira Beach	8
FL	Seminole	7
FL	Key West	6
FL	Pensacola	5
FL	Cape Coral	4
FL	Clearwater	4
FL	Crawfordville	4
FL	Hernando Beach	4
FL	Indian Shores	4
FL	Lecanto	4
FL	Tampa	4

Source: NMFS SERO IFQ database accessed 2/25/22; SERO permit office, July 8, 2021; and SERO permit database accessed March 13, 2026.

Dealers

The majority of dealer facilities with red grouper IFQ landings are located in Florida (average of 95.1% of Gulf red grouper IFQ species dealer facilities for 2016-2020, Table 3.4.1.8); followed by Alabama, Louisiana, and Texas combined (4.9%). Alabama, Louisiana, and Texas are combined to protect confidentiality.

Table 3.4.1.10. Number of Gulf red grouper IFQ dealer facilities by state for 2016-2020.

Year	FL	AL/LA/TX
2016	111	8
2017	113	5
2018	110	6
2019	111	6
2020	101	3

Source: NMFS SERO IFQ database accessed 4/2/25.

Gulf red grouper IFQ species dealers are located in a total 74 communities (IFQ database accessed 4/2/25, includes dealers with landings of red grouper from 2016-2020). Communities with the most Gulf red grouper IFQ dealer facilities are located in Florida (Table 3.4.1.9). The community with the most Gulf red grouper IFQ dealer facilities is Panama City, Florida (7% of Gulf red grouper IFQ dealer facilities, Table 3.4.1.9), followed by Key West, Florida (6.5%); and Madeira Beach, Florida (6%).

Table 3.4.1.11. Top communities by number of dealer facilities with red grouper IFQ landings during 2016-2020.

State	Community	*Dealer Facilities
FL	Panama City	15
FL	Key West	14
FL	Madeira Beach	13
FL	Steinhatchee	8
FL	Bokeelia	7
FL	St. James City	7
FL	St. Petersburg	7
FL	Venice	7
FL	Panacea	6
FL	Crystal River	5
FL	Fort Myers	5
FL	Pensacola	5

Source: NMFS SERO IFQ database accessed 4/2/25.
*Multiple dealers can use the same facility and a dealer can operate at multiple facilities.

Regional Quotient

Regional Quotient (RQ) is the proportion of red grouper landings within a community out of the total amount of red grouper landed within the Southeast region. It is an indicator of the percent contribution in pounds or value of red grouper IFQ landed within that community relative to the regional fishery. The RQ is reported individually only for the top 10 communities by total landings for the years of 2016 through 2020. All other communities that landed red grouper IFQ are grouped as "Other." Figure 3.4.1.1 shows the RQ in percentage of pounds from 2016 to 2020. The dominant communities for red grouper IFQ pounds landed include the communities of Madeira Beach, Cortez, and Redington Shores, Florida (Figure 3.4.1.1). The top community of Madeira Beach, Florida is frequently referred to as the "Grouper Capital of the World," and includes an average of 43.7% of landings of red grouper IFQ species over the time series. Several of the top 10 communities are located in Pinellas County (Madeira Beach, Redington Shores, Tarpon Springs, Indian Shores, and St. Petersburg) and are within close proximity to each other. In addition, although Cortez, Florida (ranked second) is located in an adjacent county, Manatee County, it is also located within close proximity to Pinellas County. Two of the top 10 communities are located in the Florida Panhandle (Apalachicola and Panama City).

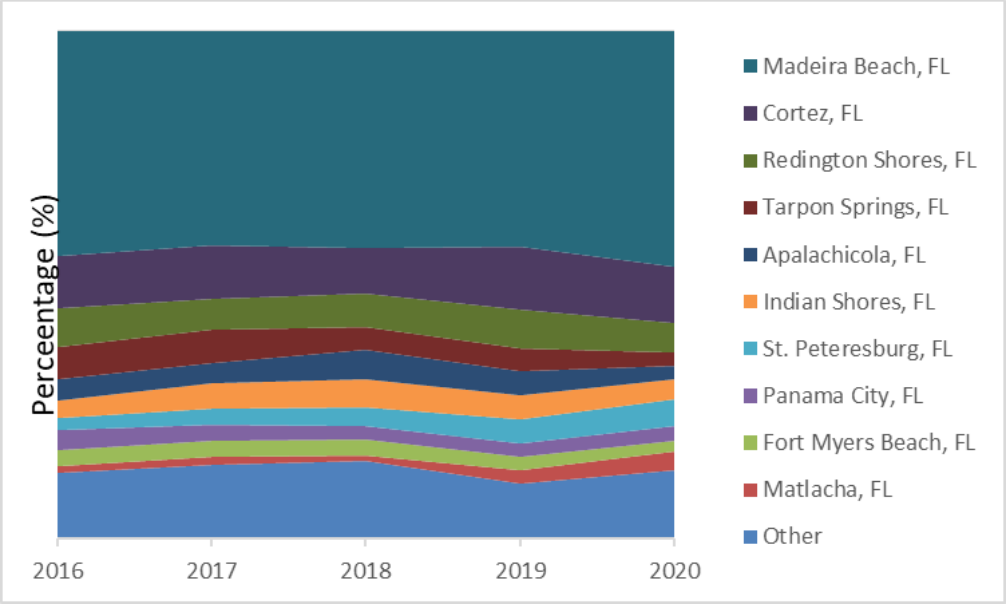


Figure 3.4.1.1. Regional Quotient (pounds) for top communities by landings of Gulf red grouper IFQ from 2016 through 2020.
Source: IFQ database accessed 4/2/25.

Engagement and Reliance

In addition to examining the RQs and location quotient to understand how Gulf communities are engaged and reliant on fishing, indices were created using secondary data from permit and landings information for the commercial sector (Jepson and Colburn 2013, Jacob et al. 2013). Fishing engagement is primarily based on the absolute numbers of permits, landings, and value. The analysis used the number of vessels designated commercial by homeport and owner address, value of landings, and total number of commercial permits for each community. Fishing reliance includes the same variables as fishing engagement divided by population to give an indication of the per capita influence of this activity.

Taking the communities with the highest RQs, factor scores of both engagement and reliance for commercial fishing were plotted. Two thresholds of one and one-half standard deviation above the mean are plotted onto the graphs to help determine a threshold for significance. The factor scores are standardized; therefore, a score above one is also above one standard deviation. A score above one-half standard deviation is considered engaged or reliant, with anything above one standard deviation to be very engaged or reliant.

Figure 3.4.1.2 is an overall measure of a community's commercial fishing engagement and reliance and includes the communities with the strongest relationship to the commercial sector for red grouper as depicted in Figure 3.4.1.1. Most communities in Figure 3.4.1.2 would be considered to be highly engaged in commercial fishing, as many are at or above one standard deviation of the mean factor score. Redington Shores, Indian Shores, and Matlacha, Florida show the least amount of engagement in commercial fishing overall. Madeira Beach, Cortez, Apalachicola, Fort Myers Beach, and Matlacha, Florida demonstrate a moderate to high level of commercial reliance.

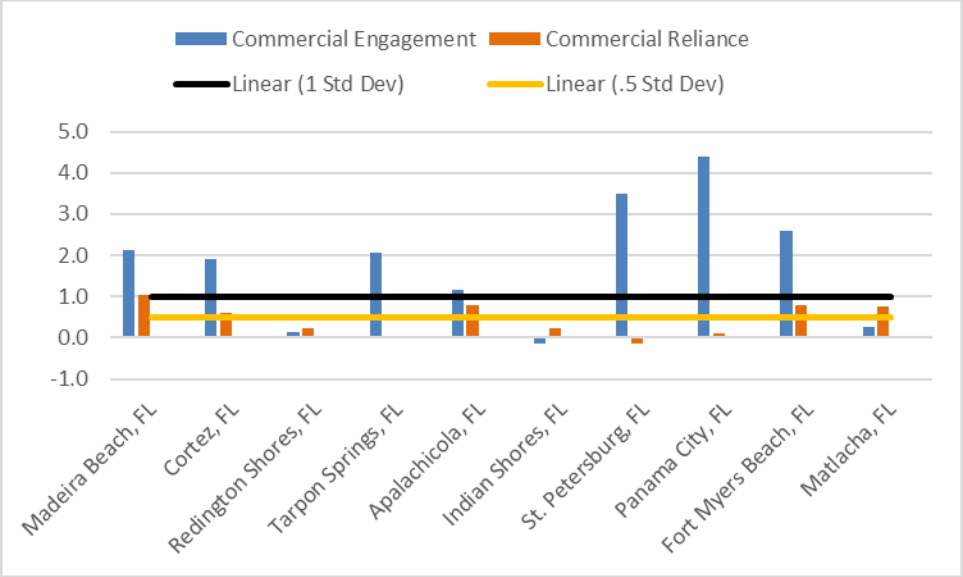


Figure 3.4.1.2. Commercial fishing engagement and reliance for top red grouper communities.
Source: SERO Community Social Vulnerability Indicators Database 2021.

3.4.2 Social Vulnerability

A suite of indices was created using census data to examine the social vulnerability of coastal communities. The three indices are poverty, population composition, and personal disruption. The variables included in each of these indices have been identified through the literature as being important components that contribute to a community's vulnerability. Poverty includes poverty rates for different groups; population composition includes more single female-headed households, households with children under the age of five, minority populations, and those that speak English less than well; and personal disruption includes disruptions such as higher separation rates, higher crime rates, and unemployment. Increased rates in the indicators are signs of populations experiencing vulnerabilities. Again, for those communities that exceed the threshold it would be expected that they would exhibit vulnerabilities to sudden changes or social disruption that might accrue from regulatory change.

Figures 3.4.2.1 and 3.4.2.2 provide social vulnerability rankings for place-based communities identified in Section 3.4 as important to commercial fishing for red grouper specifically or for reef fish. Several communities in Florida exceed the threshold of one standard deviation above the mean for at least one of the indices (Bokeelia, Panacea, and Steinhatchee). These communities would be the most likely to exhibit vulnerabilities to social or economic disruption resulting from regulatory change.

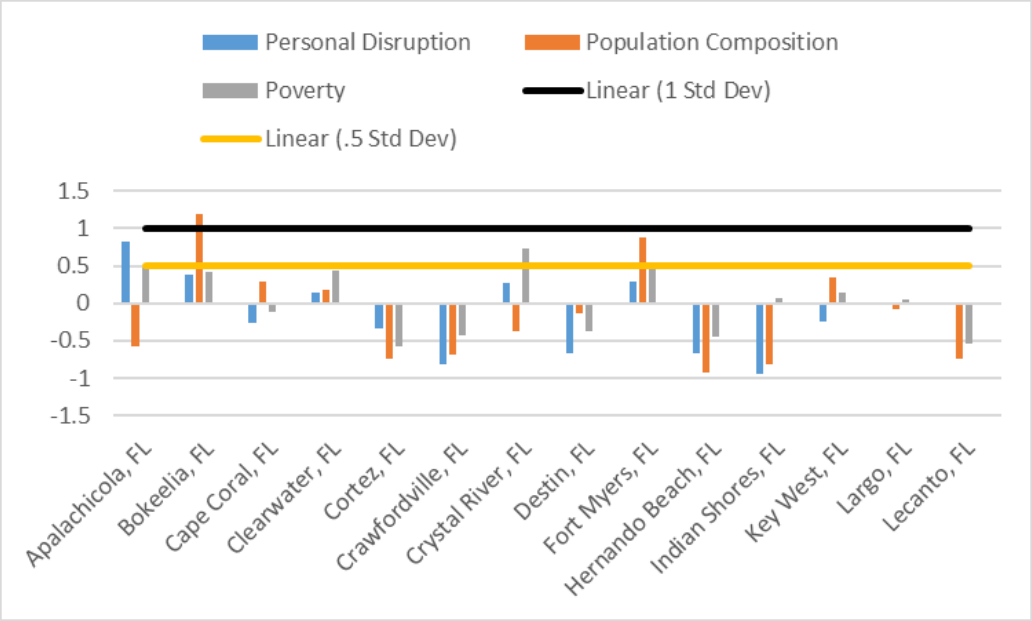


Figure 3.4.2.1. Social vulnerability indices for top commercial reef fish and red grouper communities.
Source: SERO, Community Social Vulnerability Indicators Database 2022.

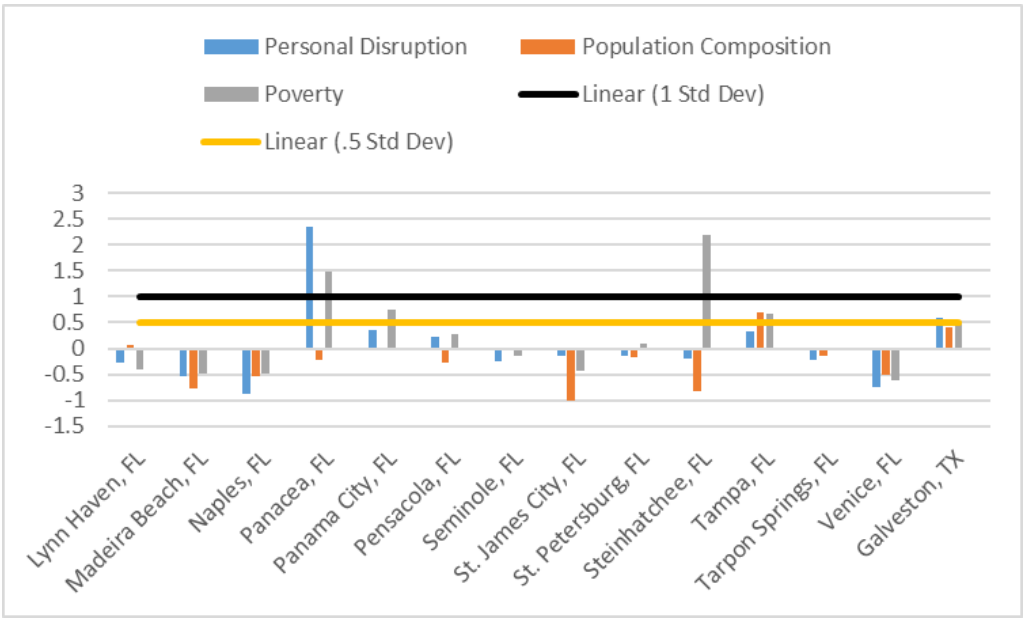


Figure 3.4.2.2. Social vulnerability indices for top commercial reef fish and red grouper communities continued.
Source: SERO, Community Social Vulnerability Indicators Database 2022.

The description of fishing activities presented here highlights which communities may be most involved in commercial Gulf red grouper fishing. It is expected that the impacts from the regulatory action in this amendment, whether positive or negative, will most likely affect those communities identified above

CHAPTER 4. ENVIRONMENTAL CONSEQUENCES

4.1 Action 1 – Commercial Quota Pool for Gulf of America (Gulf) Red Grouper

The status quo **Alternative 1** would not establish a commercial red grouper quota pool. **Alternative 2, Alternative 3**, and **Preferred Alternative 4**, including **Preferred Option 4e** would establish a three-year commercial quota pool for Gulf red grouper beginning in 2027. Under **Alternative 2**, if the commercial red grouper annual catch target (quota) is at or below 2.79 million pounds gutted weight (mp gw)[21], the quota pool is set at zero percent of the commercial quota (zero pounds). If the commercial quota is above 2.79 mp gw, the quota pool would hold: 15, 20, 25, or 30 percent over the increase of 2.79 mp gw. Under **Alternative 3**, if the commercial quota is at or below 4.28 mp gw[22], the quota pool is set at zero percent of the commercial quota (zero pounds). If the commercial quota is above 4.28 mp gw, the quota pool would hold: 15, 20, 25, or 30 percent over the increase of 2.79 mp gw. Similar to **Alternative 3**, **Preferred Alternative 4, Preferred Option 4e** would require that the commercial quota be above 4.28 mp gw before any of the commercial quota would be used for the quota pool. However, unlike **Alternative 2** and **Alternative 3**, under **Preferred Alternative 4**, **Preferred Option 4e** the quota pool would hold 50 percent over the increase of 4.28 mp gw.

4.1.1 Effects on the Physical Environment

This action would only affect the commercial sector harvesting red grouper. The commercial sector of the reef fish fishery mainly uses vertical line (i.e., electric reel, bandit rig, hook-and-line, spearfishing, and trolling) and longline gear. Reef fish may also be harvested by spearfishing in the commercial sectors.

Anchor damage is associated with vertical line fishing vessels where fishermen may repeatedly visit well marked or known fishing locations. Hamilton (2000) pointed out that "favorite" fishing areas such as reefs are targeted and revisited multiple times, particularly with the advent of GPS technology. The cumulative effects of repeated anchoring could damage the hard bottom areas where reef fish fishing occurs, which may be exacerbated by repeated drops of weighted fishing rigs onto the reef. Commercial vessels that use vertical line gear are typically known to anchor more frequently over reef sites.

Commercial harvesting for reef fish using longline gear occurs over hard bottom habitats using weights to keep the gear in direct contact with the bottom. The potential for this gear to adversely impact the bottom depends on the type of habitat it is set on, the presence or absence of currents, and the behavior of fish after being hooked. This gear can abrade, snag, and dislodge smaller rocks, corals, and sessile invertebrates (Hamilton 2000; Barnette 2001). Direct underwater observations of longline gear in the Pacific halibut fishery by High (1980) noted that the gear could sweep across the bottom. A study that directly observed deployed longline gear

[21] Commercial red grouper quota (ACT) from 2023 until the 2025 Emergency Rule was 2.79 mp gw. This quota was established in Amendment 53 to the Reef Fish FMP (GMFMC 2022).
[22] 2026 Commercial red grouper quota established in Action 2, Preferred Alternative 2 in Amendment 62 to the Reef Fish FMP is 4.28 mp gw.

(Atlantic tilefish portion of the snapper-grouper fishery) found no evidence that the gear shifted significantly, even when set in currents (Grimes et al. 1982). Any options under **Alternative 2, Alternative 3,** or **Preferred Alternative 4,** including **Preferred Option 4e**, is not expected to affect the harvest of red grouper or the manner in which the fishery is operated, and is thus not expected to result in measurable effects to the physical environment compared to each other or compared to **Alternative 1**.

4.1.2 Effects on the Biological/Ecological Environment

Effects from fishery management actions as they relate to red grouper have been discussed in detail in GMFMC (2011a), GMFMC (2021), and GFMC (2026a) and are incorporated here by reference. Management actions that affect the biological and ecological environments primarily relate to the impacts of fishing on a species' population size, life history, and the role of the species within its habitat. Removal of fish from a population through fishing reduces the overall population size. Fishing gear types have different selectivity patterns, which refer to a fishing method's ability to target and capture a species by size (length) and age. Selectivity patterns also include discards, which are mostly composed of sublegal sized fish or fish caught during seasonal closures, and the mortality associated with releasing these fish. Potential impacts of the 2010 *Deepwater Horizon* MC252 oil spill on the biological/ecological environment are discussed in the *Deepwater Horizon* Programmatic Damage Assessment and Restoration Plan (DWH Trustees 2016) and are incorporated here by reference. These impacts include potential recruitment failure and reduced fish health.

Fishing can affect life history characteristics of reef fish, such as growth and maturation rates. Grouper reproduction may also be impacted by fishing. As an example, Fitzhugh et al. (2006) reported the size at which 50% of female gag (*Mycteroperca microlepis*) are sexually mature, and the size at which 50% of females transition to males, was smaller in their studies compared to earlier years. In addition, for hermaphroditic species (like red grouper), fishing pressure has been suggested as influential to changes in sex ratios. A decline in the ratio of male to female grouper could be an ongoing source of concern depending on the reproductive strategy of a particular species. However, for species that do not aggregate to spawn like red grouper, there is less vulnerability to sex-specific fishing mortality because fishing pressure on the stock is generally diffuse across its distribution. Of note though, red grouper is vulnerable to mortality from barotrauma when hooked at depth and then reeled to the surface.

If the quota pool is established, all options under **Alternative 2**, **Alternative 3**, and **Preferred Alternative 4**, would only affect how active fishermen receive available quota. Thus, this action is not expected to change how the reef fish fishery, which is a multi-species fishery, is prosecuted as a whole. Because the options under each of the three action alternatives would not affect how the red grouper IFQ fishery is prosecuted, no difference is expected between the alternatives with regard to negative biological effects. No negative biological effects on red grouper are expected because removals are projected to be sustainable based on the results of the SEDAR 88 stock assessment.

Expected effects to discards of red grouper and co-occurring species

Bycatch occurs within the reef fish fishery, and includes fish released due to catch limits, seasons, or other regulatory measures. In general, reducing bycatch provides biological benefits to managed species and the reef fish fishery through less waste, higher yields, and thus, less forgone yield. Increasing annual catch limits (ACL) in the commercial sector as a result of Amendment 62 is expected to increase discards due to the greater number of regulatory discards (such as discard of undersized fish) that is expected to occur with the increased fishing effort associated with the higher commercial quota. However, the actions in this amendment are not expected to increase fishing effort for red grouper and are thus unlikely to have negative effects on co-occurring species. Establishment of the quota pool may reduce discards of red grouper if the distribution methods provide allocation to accounts that otherwise would not have the allocation need to land the fish caught. Discards of red grouper are primarily for fish below the minimum size limit, and therefore only a small proportion of discards is expected to be eliminated by the quota pool program as a whole. Depending on a fisherman's allocation, this may reduce discards individually for vessels that would not have enough allocation to continue to fish. Gag are commonly caught with red grouper, and in recent years (2023-2024) have had increased discards above the minimum size limit, most likely due to lack of allocation available to harvest the species.

Expected effects to protected species

The actions in this amendment would not significantly modify the way in which the reef fish fishery is prosecuted. Therefore, there are no additional impacts on Endangered Species Act (ESA)-listed species or designated critical habitats anticipated as a result of this action (see Section 3.2 for a more detailed description of ESA-listed species and critical habitat in the action area).

None of the Action 1 alternatives are expected to have measurable impacts on any other component of the biological environment overall or relative to each other, because they are not expected to alter the manner in which the red grouper commercial component of the reef fish fishery is prosecuted, and because of the multi-species nature of the reef fish fishery.

4.1.3 Effects on the Economic Environment

Alternative 1 (No Action) would not establish a commercial quota pool for red grouper. The commercial red grouper quota would continue to be distributed to individual fishing quota (IFQ) shareholders solely based on share ownership percentages. Therefore, **Alternative 1** would not be expected to result in economic effects.

Options in **Alternatives 2**, **3**, and **Preferred Alternative 4**, including **Preferred Option 4e**, would establish a three-year commercial quota pool for red grouper beginning in 2027. The allocation to be held in the pool ranges from a minimum of 82,500 lb in 2027 (**Option 4a**) to a maximum of 774,000 lb in 2028 and 2029 (**Options 2d and 3d**). Relative to **Alternative 1**, **Alternatives 2**, **3**, and **Preferred Alternative 4** would transfer valued privileges, i.e., annual allocation, from IFQ accounts with red grouper shares to eligible IFQ accounts without red grouper shares. However, the establishment of a red grouper quota pool would not affect red

grouper shares or the aggregate amount of red grouper annual allocation available to harvest each year. Therefore, options in **Alternatives 2**, **3**, and **Preferred Alternative 4** on their own would not be expected to result in economic effects for the commercial sector as a whole. The quota pool would change a portion of the red grouper annual allocation into non-transferable allocation, which cannot flow to their highest valued use. Therefore, a negligible loss in economic efficiency could result from the quota pool in the unlikely event that the quota utilization rate increases substantially. In conjunction with the criteria for eligibility to receive allocation from the quota pool (Action 2) and the methods used to distribute the annual allocation (Action 3), the establishment of a quota pool through **Alternatives 2**, **3**, and **Preferred Alternative 4** including **Preferred Option 4e**, would be expected to result in economic effects on various subsets of participants in the IFQ program. These expected economic effects are discussed in Section 4.3.3.

4.1.4 Effects on the Social Environment

Alternative 1 (No Action) would continue to see the entirety of Gulf red grouper quota distributed to existing IFQ red grouper shares. **Alternative 2, Alternative 3,** and **Preferred Alternative 4** would establish a quota pool that would hold a percentage of the increase of the red grouper quota. The allocation in this pool would be non-transferable and once received must be used prior to the transfer of regularly distributed allocation. The allocation in the pool would be distributed to eligible participants depending on the parameters discussed in Action 2 and Action 3. The effects on eligible and ineligible participants will be further discussed with those actions. **Options a** in each alternative establish the smallest amount of allocation in the quota pool at 15% of the commercial red grouper quota increase (for **Alternative 2** and **Alternative 3**, the increase above 2.79 mp gw, projected to be 306,000 in 2027, 387,000 in 2028-2029, for **Preferred Alternative 4**, the increase above 4.28 mp gw, projected to be 82,500 in 2027, 163,500 in 2028-2029). For **Alternative 2** and **Alternative 3, Options d** have the largest amount at 30% of the commercial red grouper quota increase above 2.79, projected to be 612,000 in 2027, and 774,000 in 2028-2029. For **Preferred Alternative 4,** the largest amount available in the quota pool would be **Preferred Option 4e,** 50% of the increase about 4.28**,** which would have 275,000 in 2027 and 545,000 in 2028-2029.

Because the quota pool uses a percentage of the commercial quota, a higher amount of allocation in the quota pool corresponds to a higher amount of allocation withheld from shareholders. Of the options available in **Alternative 2** and **Alternative 3**, for a shareholder who does not qualify for participation in the quota pool (as decided in Action 2) **Options d** in this action would have the most negative effects, followed by **Options c**, and **Options b**, while **Options a** would be less negative. For an allocation-only fisherman eligible for participation in the quota pool, **Alternative 2** and **Alternative 3**, **Options d** would have the most positive effects as they could have access to more quota, followed by **Options c,** and **Options b,** while **Options a** would be less positive with less quota available in the quota pool. **Alternative 4, Options a-d** would be experienced the most positively of all options for ineligible shareholders and less positively for eligible allocation-only fishermen. In 2027, **Preferred Alternative 4, Preferred Option 4e,** compared to all options of **Alternative 2** and **3**, would be more positive for ineligible shareholders and less positive for eligible allocation-only fisherman. In 2028, the effects of **Preferred Alternative 4, Preferred Option 4e** would be comparable to **Alternatives 2** and **3**, **Options b,** as the quota pool would hold similar amounts. The effects on shareholders who are

eligible for participation in the quota pool depends on what percentage of shares they own and the amount of quota that they would be eligible for. The specific effects on these groups will be discussed in further detail in Section 4.3.4.

The options to eliminate the quota pool if the commercial quota drops below a certain point could be valuable to fishery participants due to the historic instability of the red grouper stock and quota. Red grouper has had the largest fluctuation of quota of all share categories throughout the IFQ programs of the Gulf (NMFS 2025). Anecdotally, it has been discussed that the quota increase expected as a result of Amendment 62 could be too high and may not correspond to the availability of fish for harvest. Further, stakeholder insights reveal that the red grouper stock can be highly variable due to red tide kills (SEDAR 88 2025; Sagarse et al. 2020). Since the founding of the IFQ program, landings of red grouper have not exceeded 5,601,144 (2014). During 2016-2018 when red grouper quota was set at its highest (7,780,000), quota utilization ranged from 31-60% (2,363,280 to 4,497,582 gw). In 2019, the quota was brought down to 3,000,000 lb gw based on the results of an interim stock assessment analysis developed after fishermen expressed concern about the health of the stock as the historically high quota did not correspond with historically low landings (GMFMC 2019). As there has been a moment in recent history where the stock was set high followed by a substantial decline in the abundance of the stock, **Alternative 2**, **Alternative 3,** and **Preferred Alternative 4** eliminate the quota pool in the possibility that a similar pattern occurs.

A mechanism to eliminate the quota pool if the commercial quota decreases to a certain level can address concerns that the stock might be too variable to handle increased fishing pressure due to the quota increase established in Amendment 62. If the commercial quota were to drop, fishermen who own shares might struggle to find enough allocation from their shares to land their catch and fishery participants who sell allocation will have a limited supply to sell to their existing networks of lease-buying fishermen or dealers. Further, as allocation held in the quota pool would decrease if the commercial quota decreases, the amount available for distribution could not be enough to meaningfully supplement the allocation needed for the fishermen who had been able to harvest red grouper during landing periods when there was more quota available. **Alternative 3** and **Preferred Alternative 4** would eliminate the quota pool if the available commercial quota falls below the quota established in Amendment 62 while **Alternative 2** would eliminate the quota pool if the available commercial quota falls below the commercial quota from 2023 until the 2025 Emergency Rule, which is the second lowest commercial quota for red grouper since the start of the IFQ program.

There are other effects than could result from this action. It is unknown when quota from the quota pool would be released into accounts, however, this would occur after January 1st. After the initial release of quota, additional quota could be distributed following an appeals process. Once released in accounts, shareholding participants must use the quota from the quota pool before they use or lease out their allocation. This, accompanied with the uncertainty in timeline could disrupt existing patterns and plans of allocation transfer activity and could affect prices.

4.1.5 Effects on the Administrative Environment

Alternative 1 would not establish a commercial red grouper quota pool and would not result in any additional burden to NMFS. **Alternatives 2, Alternative 3** and **Preferred Alternative 4,**

Preferred Option 4e would involve several considerable modifications to the Catch Shares Online System database structure, user interface, and application code. These actions would likely need to be set once and applied thereafter for the remaining time of the quota pool. Upon the termination of the pilot study, administrative burden would include revoking all these changes and setting the system back to its previous structure, code, and user interface. These modifications would also require stringent testing to ensure that the distribution of allocation is correct and applicable for the remaining actions. This action will delay other IFQ system enhancements to the program in order to meet the deadline for this program. The administrative effects from **Alternative 2**, **Alternative 3**, and **Preferred Alternative 4, Preferred Option 4e** are expected to be similar, as they all require considerable structure, interface and application code modification and development.

In addition to the effects identified above, there would be administrative burden to NMFS to create, and process appeals. This would occur if an alternative other than **Alternative 1** (status quo) is chosen in any action. Administrative burden would occur for both the Southeast Regional Office and the National Appeals Office, as appeals are evaluated, and determinations regarding the appeals are made. After appeals are completed, the remaining allocation will be distributed. This would require modifications to the data structure, application code, and user interface for the IFQ program.

4.2 Action 2 – Eligibility Criteria for Participation in the Red Grouper Quota Pool

Alternative 1 (No Action) would not set eligibility criteria for participating in the red grouper quota pool. **Alternative 2** set eligibility criteria to receive annual allocation from the quota pool; specifically, possession of a valid or renewable federal commercial reef fish permit on January 1st and minimum red grouper landings thresholds during preset reference periods. **Option 2a**, **Preferred Option 2b**, and **Option 2c** would require minimum red grouper landings of 300 lb, 500 lb, and 1,000 lb during rolling two-year reference periods, respectively.

4.2.1 Effects on the Physical Environment

Alternative 1 (No Action) would not be consistent with the purpose and need of this amendment. None of the options under **Preferred Alternative 2** are expected to result in measurable effects to the physical environment compared to each other or to **Alternative 1** because they would not substantially change how the reef fish fishery is prosecuted.

4.2.2 Effects on the Biological/Ecological Environment

Alternative 1 (No Action) would not be consistent with the purpose and need of this amendment. Because **Preferred Alternative 2** would limit participation to those accounts that are permitted to land red grouper and have some history of those landings, it may reduce discards of red grouper by providing allocation to accounts that otherwise would not have the allocation needed to land the fish caught. However, none of the options under **Preferred Alternative 2** are expected to result in measurable effects to the biological environment compared to each other or to **Alternative 1** because they would not substantially change how the reef fish fishery is prosecuted.

4.2.3 Effects on the Economic Environment

Alternative 1 would not be expected to result in economic effects because it would not affect red grouper share ownership, annual allocation availability, or the fishing practices and red grouper commercial landings. However, the absence of eligibility criteria would not be consistent with the establishment of a quota pool.

In addition to the possession of a valid or renewable commercial reef fish permit, **Alternative 2** would set eligibility criteria to receive annual allocation from the quota pool based on minimum red grouper landings thresholds during preset reference periods. **Option 2a**, **Preferred Option 2b**, and **Option 2c** would require minimum red grouper landings of 300 lb, 500 lb, and 1,000 lb during rolling two-year reference periods, respectively. For quota pool distributions in 2027, 2028, and 2029, the rolling reference periods are January 1, 2025, to December 31, 2026, January 1, 2026, to December 31, 2027, and January 1, 2027, to December 31, 2028, respectively. Because the reference periods extend into the future, it is not possible to determine the number of IFQ accounts that would be eligible to receive red grouper annual allocation once the quota pool is established. For illustrative purposes, Table 4.3.2.1 provides the subsets and numbers of non-eligible IFQ accounts and numbers of accounts eligible to receive annual

allocation from the quota pool based on minimum landings thresholds for a 2023-2024 reference period.

Table 4.2.3.1. IFQ accounts by category and eligibility status to receive allocation from the pool and minimum red grouper landings requirements for a 2023-2024 reference period.

IFQ Account Group	Number of Accounts		
	Option a (300 lb min.)	**Preferred Option b (500 lb min.)**	Option c (1,000 lb min.)
Accounts with Shares and Zero Landings (Non Eligible)	316	316	316
Accounts with Shares and Qualified Landings (**Eligible)**	102	**86**	79
Accounts with Shares and without Qualified Landings (Non Eligible)	28	44	51
Accounts without Shares and with Qualified Landings (**Eligible**)	133	**126**	109
Accounts without shares and without Qualified Landings (Non Eligible)	53	60	77
Total Accounts **Eligible** to participate in the Quota Pool	235	**212**	188
Total Accounts Non-Eligible to participate in the Quota Pool	397	420	444

For accounts with red grouper shares or those without shares, the numbers of eligible accounts logically decrease as minimum landings required increase. In other words, as the minimum poundage to be landed increases, the number of accounts excluded from receiving annual allocation from the pool increases. Under **Preferred Alternative 2 – Preferred Option b**, which sets a minimum landings requirement of 500 lb over each two-year reference period, 212 IFQ accounts would be eligible for the quota pool for the 2023-2024 reference period. The number of accounts eligible for the quota pool would increase to 235 if a 300 lb landing requirement is set (**Option a**) but would decrease to 188 accounts if the landings requirement is set to 1,000 lb (**Option c**). However, for a fixed quota pool, as the number of eligible accounts decreases, the annual allocation received per account would increase. Losses of red grouper annual allocation to shareholders accounts excluded from the pool would be offset by gains to accounts remaining in the pool. Although it would be expected to result in changes to the numbers and distribution of accounts eligible to participate in the pool, and to the amounts received by each eligible account, the establishment of minimum landings requirements, in and of itself, would not be expected to result in economic effects for the commercial sector as a whole. Decreasing red grouper landings requirements from 1,000 lbs (**Option c**) to 300 lbs

(**Option a**) could result in benefits by reducing bycatch and lowering costs for allocation-dependent fishermen. Economic effects expected to result from the establishment of the quota pool, the selection of eligibility requirements, and the specification of distribution methods are discussed in Section 4.3.3.

4.2.4 Effects on the Social Environment

Alternative 1 (No Action) does not establish criteria for participation in the quota pool which is not consistent with the purpose of this amendment, which is to test a mechanism that could improve access to red grouper allocation for those who are currently engaged in the harvest of red grouper. **Preferred Alternative 2 Option 2a, Preferred Option 2b,** and **Option 2c** establish a permit requirement and a threshold of minimum landings to measure engagement in the harvest of red grouper.

There are positive and negative consequences to bounding the years to the two-year reference periods. All years during the reference period will be periods where the quota is relatively high, compared to previous years. During 2019 to the first half of 2025 the total commercial quota was relatively low, ranging from 2.4 mp gw to 3.0 mp gw. From 2018 to 2019, vessels harvesting red grouper decreased from 376 to 359 and decreased to the lowest level of 318 in 2024 (NMFS 2025). When the commercial quota is low, allocation is limited and may be challenging to procure for those who do not own shares. When the commercial quota is higher, allocation prices may be lower and there would be less barriers to enter the fishery. Allocation prices for red grouper, for example, have been steadily decreasing since 2025. This could mean a larger number of fishermen can participate than in years prior to 2025. As the quota will be gradually increasing for each of the reference periods, it is possible that later years of the pilot program could have more participants.

It is also possible that many fishermen have exited the fishery during the earlier period of the low commercial quota and potential fleet contraction and cannot afford the start-up costs of re-entering the fishery by the dates of the first reference period. The planned rolling reference period allows flexibility and would allow fishermen to participate who have started or re-started landing red grouper after the pilot program has begun. The existence of the quota pool accompanied with the flexibility of the rolling qualification period could incentivize more participants in the fishery to produce more qualifying accounts, which could cause the amount of allocation distributed to each participant (discussed in Action 3) to decrease.

To be eligible for the quota pool, permits and landings are required, as specified in this action. This is concurrent with discussions in the Gulf Council and National Marine Fisheries Service (NMFS) on re-implementing a permit requirement to participate in the Grouper-Tilefish IFQ program (see Amendment 59A to the Reef Fish FMP, in development). These discussions revisit the decision for the Grouper-Tilefish IFQ program to remove the permit requirement after 5 years of its initial implementation, which has allowed share-ownership to be available to public participants (those who do not own a federal reef-fish permit). The eligibility qualifications listed in this action could encourage more IFQ participants, particularly those who own permits but have dispersed their assets, to attach a reef-fish permit to their shareholder account.

As mentioned in the discussion for Action 2 (Section 2.2), the average pounds of red grouper caught for a single trip using vertical line gear was 417 pounds per trip, and for longline gear that amount is 3,401 pounds per trip (NMFS 2025). It is possible that fishermen who primarily lease allocation might have landings below average, due to the challenges of accessing allocation without share ownership. With this consideration, **Option 2a**, **Preferred Option 2b**, and **Option 2c** are all set at numbers that should be accessible over a 2-year period for fishermen actively engaged in the harvest of red grouper.

The social value of these options depends on the metrics through which they are assessed. **Option 2a** benefits the largest number of people, followed by **Preferred Option 2b** and then **Option 2c**—which incorporates the lowest number of participants in the quota pool. **Option 2a** and **Preferred Option 2b** could better achieve the stated goal of reducing discards by having a higher likelihood of including those who catch red grouper incidentally. However, as will be discussed in further depth in Section 4.3.4, by allowing a lower threshold for eligibility in the quota pool, it could be possible that the allocation awarded to participants could exceed their landings, depending on the options taken in Action 3. Although this could benefit those who have caught but been forced to discard red grouper, this would not benefit those substantially engaged in the commercial harvest of red grouper. **Option 2c** limits the number of participants, so that those participants involved are those who are more likely to be engaged in the commercial harvest of red grouper. **Option 2c** allows the highest amount of allocation to be distributed to each participant, followed by **Preferred Option 2b**, and **Option 2a**—which allows the lowest amount of allocation to be distributed to each participant. These amounts based on current account activity are explored in the discussion for Action 3 and analyzed in Section 4.3.4.[23] **Option 2c**, by limiting the number of participants based on landings provides the most benefits for those actively engaged in the commercial harvest of red grouper, however, this occurs at the expense of including a wider range of people including those who might catch and discard red grouper.

4.2.5 Effects on the Administrative Environment

Alternative 1 is not consistent with the purpose and need of this amendment. There are no substantial differences in administrative burden between the **Preferred Alternative 2** options. Eligible accounts would be demarcated each year for distribution of quota pool under Action 3. This action would result in additional burden to the agency to calculate the eligibility requirements for each of the potential 646 accounts that held red grouper allocation and to adjudicate appeals. The effects on the administrative environment from **Preferred Alternative 2** options is expected to be greater than **Alternative 1**.

[23] As mentioned throughout this document, those specific amounts are for a separate reference period and do not reflect the exact amounts that will be distributed by the quota pool.

4.3 Action 3 – Distribution of Quota Pool Allocation among Eligible Participants

Alternative 1 (No Action) would not distribute the red grouper annual allocation held in the quota pool. **Alternative 2** would distribute 40% of the annual allocation in the pool among eligible IFQ accounts with red grouper shares and 60% among those without red grouper shares. **Preferred Alternative 3** would evenly split the annual allocation held in the quota pool between the group of eligible IFQ accounts with red grouper shares and the group of eligible accounts without red grouper shares. For eligible IFQ accounts without red grouper shares, **Alternative 2** and **Preferred Alternative 3** consider equal distribution among accounts (**Options 2(a)i** and **3(a)i**) or proportional distribution based on red grouper landings (**Option 2(a)ii** and **Preferred Option 3(a)ii**). For eligible IFQ accounts with red grouper shares, equal distribution among accounts corresponds to **Options 2(b)i** and **3(b)i**. Landings-based proportional distribution corresponds to (**Option 2(b)ii and Preferred Option 3(b)ii**).

4.3.1 Effects on the Physical Environment

Alternative 1 (No Action) would not be consistent with the purpose and need of this amendment. Any effects on the physical environment from this action are not expected to be significant because this action is not expected to change how the reef fish fishery, which is a multi-species fishery, is prosecuted as a whole.

4.3.2 Effects on the Biological/Ecological Environment

Any effects from this action on the biological environment are not expected to be significant because this action is not expected to change how the reef fish fishery, which is a multi-species fishery, is prosecuted as a whole. The more quota that goes to non-shareholders the more likely this would reduce bycatch of red grouper. However, if this action results in increased effort from fishermen targeting red grouper, then the bycatch of species that co-occur with red grouper could potentially increase.

4.3.3 Effects on the Economic Environment

As previously indicated, the number of IFQ accounts eligible to receive annual allocation from the pool is not known at this time because the eligibility to receive annual allocation from the pool is based on rolling reference periods that are in the future. Therefore, ensuing analyses are provided for illustrative purposes and do not represent the expected distribution of annual allocation to IFQ accounts once this amendment is implemented.

For a quota pool with 50% of the commercial red grouper quota increases above 4.28 mp, Table 4.3.3.1. provides the apportionment between the group of eligible IFQ accounts with red grouper shares and the group without shares.

Table 4.3.3.1. Amounts of quota pool annual allocation by group of eligible accounts and by alternative. Quota pool with 50% of the commercial red grouper quota increases above 4.28 mp.

Account Group	Eligible IFQ Accounts **Without** Red Grouper Shares		Eligible IFQ Accounts **With** Red Grouper Shares	
Alternative	Alternative 2 (60/40) (lbs)	Preferred Alternative 3 (50/50) (lbs)	Alternative 2 (60/40) (lbs)	Preferred Alternative 3 (50/50) (lbs)
2027	165,000	137,500	110,000	137,500
2028	327,000	272,500	218,000	272,500
2029	327,000	272,500	218,000	272,500

Regardless of the distribution method selected, pounds of red grouper annual allocation distributed within the group of eligible IFQ accounts with red grouper shares are not lost to the group of red grouper shareholders. These amounts are simply apportioned among eligible shareholder accounts based on a method (equal or proportional based on landings) different from the distribution based on share ownership. In other terms, at a group level, pounds distributed to eligible IFQ accounts with shares would not result in economic losses to the group. However, the alternative distribution methods considered in this action would be expected to result in economic losses to those shareholder accounts receiving less red grouper annual allocation than they would have received if the distribution solely relied on red grouper share ownership. Conversely, economic benefits would be expected to accrue to accounts receiving more annual allocation than they would have received under status quo distribution.

Red grouper annual allocation distributed to the group of eligible IFQ accounts without red grouper shares are transferred from accounts with shares to those without shares. For example, a 50/50 split of the quota pool allocation would transfer 137,500 lb of red grouper annual allocation in 2027 from accounts with shares to accounts without shares. Therefore, amounts transferred would be considered as economic losses to those with red grouper shares and as economic gains to those without shares.

Table 4.3.3.2 compares annual allocation that would be received in 2027 by IFQ account subsets using the 2023-2024 reference period and based on the suite of preferred alternatives and options selected by the Council, i.e., Preferred Alternative 4- Preferred Option 4e (Action 1); Preferred Alternative 2 – Preferred Option b (Action 2), and **Preferred Alternative 3-Preferred Options 3aii and 3bii** (Action 3). The suite of preferred alternatives and options corresponds to a quota pool established using 50% of the commercial quota increase above 4.28 mp, a minimum red grouper landings requirement of 500 lbs over the reference period, a 50/50 split of the quota pool allocation between the group of eligible accounts without red grouper shares and the group with red grouper shares, and a landings-based proportional distribution. Based on a red grouper allocation price of $0.51 per pound (J. Stephen, pers. comm, Aug 18, 2026), Table 4.3.3.3 converts the allocation amounts into economic value.

Table 4.3.3.2. Comparison of red grouper allocation received in 2027 by IFQ account subsets based on a 500 lb landings requirement, a quota pool with 50% of the quota increase above 4.28 mp and a landings-based proportional distribution.

500 lb minimum 50/50 Scenario	Number of Accounts	No Quota Pool (lbs)	With Quota Pool (lbs)	Difference Quota Pool minus No Quota Pool (lbs)	Average Difference per Account (lbs)
Accounts with Shares and Zero Landings (Non-Eligible)	316	3,303,302	3,115,266	-188,036	-595
Accounts with Shares and Qualified Landings **(Eligible for Quota Pool)**	**86**	1,334,527	1,396,045	61,518	715
Accounts with Shares and without Qualified Landings (Non-Eligible)	44	187,336	176,670	-10,666	-242
Accounts without Shares and with Qualified Landings **(Eligible for Quota Pool)**	**126**	0	137,497	137,497	1,091
Accounts without shares and without Qualified Landings (Non-Eligible)	60	0	0	0	0

Table 4.3.3.3. Comparison of economic value received in 2027 by IFQ account subsets based on a 500 lb landings requirement, a quota pool with 50% of the quota increase above 4.28 mp and a landings-based proportional distribution.

500 lb minimum 50/50 Scenario	Number of Accounts	No Quota Pool ($)	With Quota Pool ($)	Difference Quota Pool minus No Quota Pool ($)	Average Difference per Account ($)
Accounts with Shares and Zero Landings (Non-Eligible)	316	$1,684,684	$1,588,765	-$95,919	-$304
Accounts with Shares and Qualified Landings **(Eligible for Quota Pool)**	**86**	$680,609	$711,983	$31,374	$365
Accounts with Shares and without Qualified Landings (Non-Eligible)	44	$95,541	$90,102	-$5,440	-$124
Accounts without Shares and with Qualified Landings **(Eligible for Quota Pool)**	**126**	$0	$70,123	$70,123	$557
Accounts without shares and without Qualified Landings (Non-Eligible)	60	$0	$0	$0	$0

Eligible IFQ accounts without red grouper shares are expected to benefit the most from the quota pool because they would receive annual allocation without contributing to the quota pool. Based on the example provided in Tables 4.3.3.2 and 4.3.3.3, 126 eligible accounts without red grouper shares would receive 137,497 lbs of red grouper allocation in 2027 or an average of 1,091 lbs per account. In economic value, this would correspond to $70,123 in aggregate economic value or an average of $557 per account. Although they would contribute to the quota pool, accounts with red grouper shares eligible to participate in the quota pool are expected to benefit because, relative to status quo, they stand to receive more than their contribution to the pool. Relative to status quo (no quota pool), 86 eligible accounts with shares would receive an additional 61,518 lbs of red grouper allocation or an average of 715 lbs per account. In terms of economic value, this would correspond to a total of $31,374 and an average of $365 per account. The 316 accounts with red grouper shares but with zero landings stand to lose 188,036 lbs, or an average of 595 lbs per account. In value, it would correspond to an aggregate loss of $95,919 or an average loss of $304 per account. The 44 accounts with shares but without sufficient landings to meet the eligibility requirement would lose 10,666 lbs of red grouper allocation, or an average of 242 lbs per account. In value, these accounts would lose $5,440 or an average of $124 per account. Finally, whether a quota pool is implemented or not, no change would occur for the 60 accounts without shares and without qualified landings. The amount of allocation received per account would logically decrease as the minimum landings requirement decreases, i.e., as number of eligible accounts increases. Conversely, requiring more pounds to be landed would reduce the number of eligible accounts and, all else equal, result in more pounds being received per account. It also follows that increases to the amounts of quota held in the quota pool would, all else constant, result in more pounds received per eligible account.

The amounts distributed to individual accounts and potential changes in access to red grouper allocation, which are provided here for illustrative purposes only, do not represent quota distributions that would be observed once the quota pool is implemented and actual numbers of accounts eligible to receive allocation are determined. Regardless of the final number of IFQ accounts receiving allocation from the pool, adverse economic effects to the commercial sector as a whole are not likely to result from the pilot quota pool because the entirety of the red grouper commercial quota would remain within the sector. However, economic benefits could be expected to result from the quota pool because it diverts quota from accounts less likely to lease or harvest the entirety of their allocation (or not utilizing their allocation at all) towards accounts utilizing allocation at a higher rate. In addition, the evaluation of this pilot quota pool may result in recommendations susceptible to improving the future management of the grouper/tilefish and red snapper IFQ programs in the Gulf.

4.3.4 Effects on the Social Environment

Alternative 1 (No Action) would not provide an option for distributing the quota of the quota pool. The alternatives in this action divide the quota of the quota pool into groups made up of accounts without shares and accounts with shares. **Alternative 2** (60%-40%) would likely result in more benefits for participants in the accounts without shares group than **Preferred Alternative 3** (50%-50%). Currently there is a larger number of accounts without shares than accounts with shares. If **Preferred Alternative 3, Options i** (equal distribution) are selected, each participant in the accounts with shares category would receive more quota from the quota

pool than the participants in the accounts without shares category, while if **Alternative 2, Options i** is selected, each account without shares would receive slightly more than each account with shares. If quota was distributed proportionally (**Preferred Alternative 3, Preferred Options 2a(ii) and 2b(ii))**, the highest landing participating account with shares would receive more quota (10,526 lb) than the highest landing participating account without shares (6,890 lb). For **Alternative 2, Options 2a(ii)** and **2b(ii),** these highest landing participating accounts would receive a roughly equal amount of allocation (8,420 lb with shares, 8,267 lb without shares)[24]. It is not clear if these patterns would continue for the reference periods employed in this Amendment.

Options i (equal distribution) could benefit participants with smaller landings. **Options i** would likely better improve access, by distributing more allocation to those with lower landings. However, when allocation is distributed to those eligible participants, a participant might receive more allocation from the red grouper quota pool than they land. It is possible that some fishermen have captured higher numbers of red grouper but had to discard them due to a lack of access to allocation. If given more allocation than their landings, these fishermen would likely be able to land that amount. Anecdotally, it can be suggested that many fishermen have landed a smaller amount of red grouper because they fish in regions like the Western and Northern Gulf where red grouper is not abundant and may only be caught rarely and incidentally. It is unlikely that these fishermen would be able to use allocation in excess of their historical landings. This could result in an amount of unutilized allocation and would not achieve the stated objective of improving access to allocation for fishermen engaged in the commercial harvest of red grouper. The proportional distribution, **Preferred Options ii,** might serve to better benefit accounts with higher landings and as a result, would benefit those with a more substantial engagement in the red grouper fishery. By distributing more allocation to those who already have high landings, this could do little to address the trend of consolidation that had been noted in the Grouper-Tilefish IFQ program (Griffith et al. 2016) or to reduce discards for those that do have sufficient allocation to land all of the red grouper they catch.

It is unclear what the effect of a combination of options, for example, **Option 2(a)(i)** (equal distribution for participants with no shares) paired with **Preferred Option 2(b)(ii)** (proportional distribution for participants with shares), might be, as the landings and numbers of participating accounts per each group will likely change from now until the quota pool's reference period. Further, separate mechanisms of distribution between shareholding and non-shareholding accounts might incentivize participants to move their assets between groups in a way that could skew the distribution numbers from the predictions based on 2023-2024 landings.

Effects on Types of Participants

Participants in the IFQ programs throughout the Gulf (Grouper-Tilefish, implemented 2010 and Red Snapper, implemented 2007) operate a diverse range of business practices. These practices cannot be completely captured in the data made available by the Southeast Regional Office (SERO) Catch Shares Program which tracks data at the level of the account (shareholder, vessel, or dealer) and aggregates data for the sake of the confidentiality of participants. Accounts are

[24] These examples both use current accounts with landings data from a 2023-2024 reference period, and the selection of Action 1**, Preferred Alternative 4, Preferred Option 4e,** and Action 2, **Preferred Alternative 2, Preferred Option 2b.**

not equivalent to individuals or types of users. It is possible for an account to be held by multiple entities (individuals or companies) and it is possible for an entity to hold multiple qualifying accounts. As such, "non-shareholding accounts" should not be considered equivalent to "non-shareholders" and the same is true for "shareholding accounts" and "shareholders" and each of these cannot with certainty be identified as "fishermen," "dealers," "brokers", or other types of socio-economic roles participating in the IFQ program.

Because this action identifies participants at the account level, it is not clear what social role the entities eligible for participation might have. Ropicki et al. (2018) has identified types of participants based on permit ownership, share ownership, and landing history for the Red Snapper IFQ program. He identifies examples of participant types as investors (no reef permit, share ownership, no landings, sells allocation), investor fishers (reef permit, share ownership, possible landings, sells allocation), share fishers (reef permit, share ownership, landings, does not sell allocation), supplementer (reef permit, share ownership, landings, buys allocation) allocation-dependent fisher (reef permit, no share ownership, landings, buys allocation), and allocation broker (possible reef permit, no share ownership, no landings, buys and sells allocation) (2018). Ropicki further develops these by adding the category of inactive/retired fisher, which shares the characteristics of the investor group, with the caveat that this group previously fished and likely was awarded shares at the start of the IFQ program[25]. Not all fishermen in this program fit neatly into these categories and there are differences in the social structure of the Red Snapper and Grouper-Tilefish IFQ programs. Dealers and fish house owners could also have the characteristics of any of these groups. Not everyone who would be affected by this action will be fishermen, and not all fishermen who participate in the IFQ program own permits or participate in the buying and selling of shares and allocation. Other fishing community members are likely to be affected dependent upon their relationship to the fishery.

For the types of participants discussed above: inactive/retired fishermen, investors, and allocation brokers will not qualify for this program, investor fishermen, supplementers, and share fishers could qualify in the category of accounts with shares while allocation-dependent fishermen could qualify in the category of accounts without shares. As will be discussed later, share-owning fishermen have more flexibility to qualify as accounts without shares as well, depending on how their assets are distributed between accounts. The eligibility of these participants depends on if they have the minimum landings discussed in Action 2. The consequence of this action would see negative effects for the groups that do not qualify for the program. The effects on shareholding fishermen could be either neutral, positive, or negative, depending on their percentage of share ownership, opportunity costs, the amount of quota distributed depending on the alternatives and options, and the ways in which the community of shareholders respond to this action (thus affecting the amount of quota available for distribution in each group). The effects on allocation-only fishermen would likely be positive. Indirect negative consequences, however, are possible, given that this action could negatively affect those who sell these fishermen allocation.

[25] Presentation shared February 2026.

Effects on Non-Participants (Investors, Brokers, Retired Fishermen)

This group would experience some negative effects from the quota pool. Retired fishermen could be the largest group of participants to experience this action negatively. This first generation of fishermen in catch share programs have an important social and economic role in brokering access to later generations in catch share programs. Many newer entrants and allocation-dependent fishermen often rely on these retired fishermen for access to the fishery. This action could be viewed as negative for these retired fishermen. Due to their substantial social role brokering access to fishery resources, effects on this group of first generation IFQ fishermen could have social repercussions experienced by second generation IFQ fishermen.

The adverse consequences for non-participants could be understood in terms of the loss of allocation and the loss of revenue from leasing. The amount of the allocation held in the quota pool would be withheld from distribution to shareholders. For participants, the amount withheld could be equivalent to or less than the amount distributed by the quota pool (Table 2.3.2). Non-participants, however, would not receive allocation from the quota pool. It is possible that the adverse consequences for non-participants, experienced as the loss of income from not being able to lease out the amount set aside from distribution to their shares could be larger for large shareholders and smaller for small shareholders. However, as the quota utilization is expected to be low following the quota increase, it is not clear if individual participants will be able to lease out all their allocation. As large shareholders would have more pounds of allocation, it could be possible that they could struggle to lease out all pounds of their allocation. Further, as red grouper allocation prices have been rapidly decreasing since 2025, shareholders are finding reduced value from leasing. It is not possible to estimate what loss in lease-based income and resultant social consequences will be experienced by the shareholders who are non-participants in the quota pool following the concurrent anticipated commercial quota increase.

For non-participants, the setting aside of allocation for the quota pool would be a small reduction from the increase that was originally planned in Amendment 62. The quota increase will not have been implemented and non-participants will not lose allocation. This action, however, would see a particular group of participants deemed ineligible to access a small pool of quota while other participants can access that pool. Although temporary, this would be the first time that there will be a tightening of eligibility requirements for any amount of quota in the Grouper-Tilefish IFQ program. Without a precedent, it is not possible to exactly predict the social consequences. As this program is a pilot program done with a smaller amount of quota in a shorter time frame, it is likely that any negative social effects as a result of this amendment would be limited.

Effects on Share-owning Fishermen

Investor fishermen, supplementers, and share fishers—all groups of fishermen who have shares—could qualify for participation for the quota pool, if they meet the participation criteria (Action 2). They could experience this action as positive, negative, or neutral. Fishermen who own a higher percentage of shares could experience this action as negative, especially if quota was distributed equally between accounts (**Options i**). If the amount of allocation withheld from disbursement to an individuals' shareholdings is less than the amount disbursed to them through the quota pool, this action could be experienced as positive, and if the amount of allocation

withheld from disbursement to their shareholdings is more than the amount disbursed to them through the quota pool, this action could be experienced as negative.

Small and smaller-medium shareholders could likely benefit from the equal distribution, while large and larger-medium shareholders would not benefit from the equal distribution. Large and medium shareholders could experience the proportional option (**Option 2(b)(ii))** and **Preferred Option 3(b)(ii))** as positive or neutral if they land more than others in their category, while small and smaller-medium shareholders might experience this option as negative, neutral, or less positive, if they are landing a smaller amount and thus would be given a smaller amount of allocation from the quota pool (Table 2.3.2). The amount of allocation available for distribution and the number of participants depends on the activity in the qualifying reference period of the quota pool.

Of participants in this quota pool, share-owning fishermen have the most flexibility to maneuver their landings, permits, and shareholder accounts so that their holdings could qualify as accounts with shares, accounts without shares, or both. The benefit of qualifying in one category versus another would depend on the alternatives selected for each action, the patterns of distribution established in this action, the number of participants in each category, and the amount distributed to participants in each category.

There are other effects that can result from this action. It is unknown when allocation from the quota pool would be released into accounts, however, this would occur at an unspecified time after January 1st. Once released into accounts, shareholding participants must use the allocation from the quota pool before they use or lease out their other red grouper allocation. This could disrupt existing patterns of allocation transfer activity, and this could particularly affect investor fishermen, who both land their fish and sell allocation.

Effects on Allocation-Dependent Fishermen

Allocation-dependent fishermen are those who do not own shares and rely on buying allocation (leasing quota) from shareowners or brokers to land their fish. The exact number of allocation-only fishermen is not known for the Grouper-Tilefish program. The SERO Catch Share database demonstrates that the number of allocation-only accounts have increased for red grouper from 7-31% from 2010-2024 (Table 1.1.4), however, this scale of increase does not necessarily correspond to the same scale of increase of allocation-dependent fishermen. It is common, for example, for shareholding fishermen to diversify their holdings into multiple accounts, so that one or multiple non-shareholding accounts might be owned by a shareholder. Participants who have accounts without shares are not always allocation-dependent fishermen, but allocation-dependent fishermen are likely to participate in the quota pool in the non-shareholding group and would likely have less opportunity than shareowners to qualify for the other group.

Allocation-dependent fishermen, as participants in the accounts without shares category, are more likely to benefit from **Alternative 2**, which would distribute 60% of the quota from the quota pool to their category, rather than **Preferred Alternative 3,** which would distribute 50%. If allocation-dependent fishermen are landing less fish due to the financial burdens of having to buy allocation, instead of accessing it through share ownership, then **Option 2(a)(i)** and **Option 3(a)(i)** (equal distribution) could serve to benefit them. **Preferred Option 2(a)(ii)** and **Preferred Option 3(a)(ii)** (proportional distribution) might serve to better benefit the

shareholders who due to the distribution of their assets would participate as accounts without shares, as they would have fewer financial hurdles to landing fish. This could be at the expense of allocation-dependent fishermen, who might be landing proportionally less than shareholders in their sub-pool.

One stated concern with the structure of many catch share programs is that "the first generation of quota holders is 'gifted' with quota, but future generations of quota holders must either purchase or lease it" (Jacob 2016; Copes and Charles 2004). This can contribute to a "graying of the fleet" (NAS 2021, 136) where those in the generation who had initially been awarded shares due to their historical participation prior to the implementation of the IFQ program have financial incentives to hold on to their shares and remain in the fishery. The next generation to participate in the IFQ fishery would enter the fishery with higher barriers to entry than the previous generation. The creation of a new method of distributing allocation through a quota pool could have a positive effect on the longevity of the IFQ programs of the Gulf and on the overall socio-economic health of the fishery. By providing new opportunities for fishermen without shares to receive allocation, this could lower their barriers to share ownership.

4.3.5 Effects on the Administrative Environment

Alternative 1 would not distribute quota and is not a viable alternative and would not result in any additional burden to NMFS. **Alternative 2** and **Preferred Alternative 3** would involve increased administration burden to determine the amount of allocation into each pool and the distribution of allocation to individual accounts compared to **Alternative 1**. While the administrative burden is similar between **Alternative 2** and **Preferred Alternative 3**, the administrative burden differs considerably under sub-options (i) and (ii). Proportional distribution would have a greater administrative burden than equal distribution as individual landings and summaries must be calculated to determine percentage of allocation that is distributed. Similar to the other actions, additional modifications would need to be made to the data structure, application code, and user interface of the IFQ system.

4.4 Cumulative Effects Analysis

Cumulative effects are those effects that result from incremental impacts of a proposed action when added to other past, present, and reasonably foreseeable future actions (RFFA), regardless of which agency (federal or non-federal) or person undertakes such actions. Cumulative effects can result from individually minor actions, but collectively significant actions that take place over a period of time. The cumulative effects analysis in this environmental assessment evaluates the following five criteria.

1. The area in which the effects of the proposed action will occur.

The affected area of these proposed actions encompasses the state and federal waters of the Gulf, as well as Gulf communities that are dependent on reef fish fishing. Most relevant to these proposed actions are red grouper and those who fish for them. For more information about the area in which the effects of this proposed action would occur, please see Chapter 3, Affected Environment, which describes these important resources as well as other relevant features of the human environment.

2. The impacts that are expected in that area from the proposed action.

The proposed actions would implement a Gulf red grouper IFQ quota pool in the commercial sector.

The environmental consequences of the proposed actions are analyzed in Sections 4.1, 4.2, and 4.3, and are not expected to be significant. The combined actions are not expected to have significant effects on the physical environment, as they are not expected to alter how the reef fish fishery is prosecuted as a whole (Sections 4.1.1, 4.2.1, and 4.3.1). These measures are not expected to have effects on the red grouper aspect of the biological environment because they would only affect the way in which active fishermen receive available red grouper quota. Overall, effects to the biological environment are not expected because this action is not expected to change how the reef fish fishery, which is a multi-species fishery, is prosecuted as a whole. Positive effects on the economic (Sections 4.1.3, 4.2.3, and 4.3.3) and social (Sections 4.1.4, 4.2.4, and 4.3.4) environments would occur due to the actions taken herein, because they would promote the harvest of red grouper by directing red grouper allocation towards those more likely to harvest it. The actions are expected to result in an additional burden on the administrative environment (Sections 4.1.5, 4.2.5, and 4.3.5) due to evaluating the eligibility of IFQ accounts to participate in the quota pool, computing and distributing annual allocation from the quota pool.

3. Other past, present and future RFFAs that have or are expected to have impacts in the area.

There are numerous actions under development in the Gulf annually. Many of these activities are expected to have impacts associated with them and are listed below.

Other fishery related actions - The cumulative effects associated with modifying red grouper quotas were analyzed in the EIS for Amendment 53 to the Reef Fish FMP (GMFMC 2021).

Other pertinent actions are summarized in the history of management (Section 1.3). Currently, there are several present and RFFAs that are being considered by the Gulf Council for the Reef Fish FMP or implemented by NMFS, which could affect reef fish stocks. Amendment 62, which will result in an increase in the red grouper quota, is directly relevant to the proposed actions in this amendment. Other relevant amendments in development include Amendment 58A, which proposes to revise shallow-water grouper management measures; Amendment 58B, which proposes to revise deep-water grouper management measures; Amendment 59A, which would revise permit requirements for participation in the Grouper-Tilefish commercial IFQ programs; Amendment 59B, which would revise active participation requirements in the Grouper-Tilefish commercial IFQ programs; Amendment 60, which would address commercial IFQ programmatic distributional issues; and a generic framework that addresses essential fish habitat. A reef fish framework action that modifies the shallow-water grouper catch limits and recreational fishing season ahead of Amendment 58A has been finalized. Descriptions of these actions can be found on the Council's Website.

Non-fishery related actions - Actions affecting the reef fish fishery have been described in previous cumulative effects analyses, including Amendment 53. Important events include the Northern Gulf Hypoxic Zone (See Sections 3.1 and 3.2) and the Deepwater Horizon MC252 Oil Spill. Red grouper, while mobile, have an unknown susceptibility to hypoxic conditions. Effects from the Deepwater Horizon oil spill on this species have not been analyzed but the oil spill had adverse effects on some fish species as well as on species that are part of the food web, such as phytoplankton and zooplankton.

4. The impacts or expected impacts from these other actions.

The cumulative effects from managing the reef fish fishery have been analyzed in multiple other actions. They include a detailed analysis of the reef fish fishery, cumulative effects on non-target species, protected species, and habitats in the Gulf. Overall, bycatch of protected species in the red grouper commercial sector of the reef fish fishery is negligible and effects to habitat are minimized due to the gear types used for harvest (Section 3.2). The effects of this action are positive, as they ultimately promote sustainable harvest of red grouper and may result in reduced red grouper bycatch. However, because red grouper is generally part of a multi-species fishing strategy, no significant impacts are expected on the reef fish fishery as a whole.

5. The overall impact that can be expected if the individual impacts are allowed to accumulate.

These actions, combined with other past actions, present actions, and RFFAs, are not expected to have significant beneficial or adverse effects on the physical and biological environments. Any effects are expected to be positive but are not expected to substantially change the way the reef fish fishery is prosecuted (Sections 4.1.1, 4.1.2, 4.2.1, 4.2.2, 4.3.1, and 4.3.2). The overall effects are likely minimal, as the proposed action, along with other past actions, present actions, and RFFAs, are not expected to alter the way the fishery is prosecuted. Because it is unlikely there would be any changes in how the fishery is prosecuted, these actions, combined with past actions, present actions, and RFFAs, are not expected to have significant adverse effects on public health or safety.

6. Summary.

The proposed actions are not expected to have significant individual effects on the physical, biological, economic, or social environments. Any effects of the proposed action, when combined with other past actions, present actions, and RFFAs are not expected to be significant. The effects of the proposed actions are, and will continue to be, monitored through collection of landings data by NMFS, individual state programs, stock assessments and stock assessment updates, life history studies, economic and social analyses, and other scientific observations. The cumulative social and economic effects of past, present, and future amendments may be described as increasing fishing opportunities, resulting in positive social and economic impacts. The proposed actions in this environmental assessment are expected to result in important long-term benefits to fishing communities and associated businesses.

CHAPTER 5. REGULATORY IMPACT REVIEW

5.1 Introduction

The National Marine Fisheries Service (NMFS) requires a Regulatory Impact Review (RIR) for all regulatory actions that are of public interest. The RIR does three things: 1) it provides a comprehensive review of the level and incidence of impacts associated with a proposed or final regulatory action; 2) it provides a review of the problems and policy objectives prompting the regulatory proposals and an evaluation of the major alternatives that could be used to solve the problem; and, 3) it ensures that the regulatory agency systematically and comprehensively considers all available alternatives so that the public welfare can be enhanced in the most efficient and cost-effective way. The RIR also serves as the basis for determining whether the regulations are a "significant regulatory action" under the criteria provided in Executive Order (E.O.) 12866. This RIR analyzes the impacts this action would be expected to have on the federal Gulf of America (Gulf) red grouper commercial fishery.

5.2 Problems and Objectives

The problems and objectives addressed by this action are discussed in Section 1.2.

5.3 Description of Fisheries

A description of the red grouper fishery is provided in Section 3.3.

5.4 Impacts of Management Measures

5.4.1 Commercial Quota Pool for Gulf Red Grouper

A detailed analysis of the economic effects expected to result from this action is provided in Section 4.1.3. The following discussion summarizes the expected economic effects of the preferred alternative.

To fund the quota pool, **Preferred Alternative 4 (Preferred Option 4e)** will deduct 275,000 lb gutted weight (gw) in 2027 and 545,000 lb gw of red grouper in 2028 and 2029 from the commercial red grouper quota. Because amounts held in the quota pool are redistributed annually to eligible commercial fishermen, the establishment of a commercial red grouper quota pool would not affect red grouper IFQ shares or the aggregate amount of red grouper annual allocation available to harvest each year. Therefore, **Preferred Alternative 4 (Preferred Option 4e)** on its own would not be expected to result in economic effects for the commercial sector. However, the quota pool would change a portion of the red grouper annual allocation into non-transferable allocation, which cannot flow to their highest valued use. Therefore, a negligible loss in economic efficiency could potentially result from the quota pool in the unlikely event that the red grouper quota utilization rate increases substantially. In conjunction with the eligibility criteria to receive allocation from the quota pool (Action 2) and the methods used to

distribute the annual allocation (Action 3), the establishment of a quota pool through **Preferred Alternative 4 (Preferred Option 4e)** would be expected to result in economic effects on subsets of participants in the grouper-tilefish individual fishing quota (IFQ) program. These effects are summarized in Section 5.4.3 below.

5.4.2 Eligibility Criteria for Participation in the Red Grouper Quota Pool

A detailed analysis of the economic effects expected to result from this action is provided in Section 4.2.3. The following discussion summarizes the expected economic effects of the preferred alternative.

To receive annual allocation from the quota pool, **Preferred Alternative 2 (Preferred Option 2b)** requires that an IFQ account holder possess a valid or renewable federal commercial reef fish permit and have minimum red grouper landings of 500 lb during rolling two-year reference periods. For quota pool distributions in 2027, 2028, and 2029, the rolling reference periods are January 1, 2025, to December 31, 2026, January 1, 2026, to December 31, 2027, and January 1, 2027, to December 31, 2028. Because the reference periods extend into the future, it is not possible to determine the number of IFQ accounts eligible to receive red grouper annual allocation once the quota pool is established. For consistency with the analysis in Chapter 4, this analysis uses the same 2023-2024 reference period to identify the number of IFQ accounts that would be eligible to participate in the quota pool. With this reference period, 86 accounts with red grouper shares and 126 accounts without shares would be eligible to receive red grouper annual allocation from the quota pool under **Preferred Alternative 2 (Preferred Option 2b)**.

For a fixed quota pool, as the number of eligible accounts with or without red grouper shares decreases, the annual allocation received per account would increase. Overall, losses in red grouper allocation to accounts excluded from the pool will equal gains to accounts receiving quota from the pool. Therefore, the establishment of minimum landings requirements alone would not be expected to result in economic effects for the commercial sector as a whole. Economic effects expected from the establishment of the quota pool, the selection of eligibility requirements, and the specification of distribution methods are discussed in Section 5.4.3.

5.4.3 Distribution of Quota Pool Allocation among Eligible Participants

A detailed analysis of the economic effects expected to result from this action is provided in Section 4.3.3. The following discussion summarizes the expected economic effects of the preferred alternative.

The suite of preferred alternatives and options selected by the Council, i.e., Preferred Alternative 4- Preferred Option 4e (Action 1); Preferred Alternative 2 – Preferred Option b (Action 2), and **Preferred Alternative 3-Preferred Options 3aii and 3bii** (Action 3) would increase access to red grouper allocation for some of the accounts with red grouper shares eligible to receive allocation from the pool and for all accounts without red grouper shares eligible to participate in the pool. Eligible IFQ accounts without red grouper shares are expected to benefit the most from the quota pool because they would receive annual allocation without contributing to the quota pool. Based on the suite of preferred alternatives and options, 126 eligible accounts without red

grouper shares would receive 137,497 lbs of red grouper allocation in 2027 or an average of 1,091 lbs per account. In economic value, this would correspond to $70,123 in aggregate economic value or an average of $557 per account. Although they would contribute to the quota pool, accounts with red grouper shares eligible to participate in the quota pool are expected to benefit because, relative to status quo, they stand to receive more than their contribution to the pool. Relative to status quo (no quota pool), 86 eligible accounts with shares would receive an additional 61,518 lbs of red grouper allocation or an average of 715 lbs per account. In terms of economic value, this would correspond to a total of $31,374 and an average of $365 per account. The 316 accounts with red grouper shares but with zero landings stand to lose 188,036 lbs, or an average of 595 lbs per account. In value, it would correspond to an aggregate loss of $95,919 or an average loss of $304 per account. The 44 accounts with shares but without sufficient landings to meet the eligibility requirement would lose 10,666 lbs of red grouper allocation, or an average of 242 lbs per account. In value, these accounts would lose $5,440 or an average of $124 per account. Finally, whether a quota pool is implemented or not, no change would occur for the 60 accounts without shares and without qualified landings.

The amounts distributed to individual accounts and potential changes in access to red grouper allocation, which are provided here for illustrative purposes only, do not represent quota distributions that would be observed once the quota pool is implemented and actual numbers of accounts eligible to receive allocation are determined. Regardless of the final number of IFQ accounts receiving allocation from the pool, adverse economic effects to the commercial sector as a whole are not likely to result from the pilot quota pool because the entirety of the red grouper commercial quota would remain within the sector. However, economic benefits could be expected to result from the quota pool because it diverts quota from accounts less likely to lease or harvest the entirety of their allocation (or not utilizing their allocation at all) towards accounts utilizing allocation at a higher rate. In addition, the evaluation of this pilot quota pool may result in recommendations susceptible to improving the future management of the grouper/tilefish and red snapper IFQ programs in the Gulf.

5.5 Public and Private Costs of Regulations

The preparation, implementation, enforcement, and monitoring of this or any federal action involves the expenditure of public and private resources, which can be expressed as costs associated with the regulations. Costs to the private sector and program-related administrative costs to NMFS, if any, are discussed under the impacts of management measures (Section 5.4). Public costs associated with the development of this framework action, including Gulf Council costs of document preparation, meetings, public hearings, and information dissemination, as well as NMFS administrative costs of document preparation, meetings and review, are treated as sunk costs and excluded from this analysis per Office of Management and Budget (OMB) guidance. Council and NMFS administrative costs are directly attributable to the development of this framework action and the rulemaking process would be incurred prior to the effective date of the final rule implementing this regulatory action.

Additionally, this analysis does not include any additional law enforcement costs. Any enforcement duties associated with this action would be expected to be covered under routine enforcement costs rather than an expenditure of new funds.

5.6 Net Benefits of the Regulatory Action

It is important to specify the time period being considered when evaluating benefits and costs. According to the OMB's Circular A-4,[26] "The stream of annualized estimates should begin in the year in which the final rule will begin to have effects, even if the rule does not take effect immediately.…The time frame for your analysis should cover a period long enough to encompass all the important benefits and costs likely to result from the rule."

For current purposes, the reasonably "foreseeable future" is considered to be three years (2027 to 2029). The reason that this analysis uses a three-year timeframe is based on the nature of this action, which implements a pilot commercial red grouper quota pool for a maximum of three years. Adverse economic effects to the commercial sector are not likely to result from the pilot quota pool because the entirety of the red grouper commercial quota will remain within the sector. Economic benefits would be expected to result from the quota pool because it directs quota towards accounts more likely to utilize allocation at a higher rate. Additionally, the evaluation of this pilot program is expected to result in recommendations that could improve the future management of IFQ programs in the Gulf. Based on this information, this regulatory action is expected to increase net economic benefits to the Nation.

5.7 Determination of Significant Regulatory Action

Pursuant to E.O. 12866, a regulation is considered a "significant regulatory action" if it is likely to result in: 1) an annual effect of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or state, local, territorial, or tribal governments or communities; 2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; 3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights or obligations of recipients thereof; or 4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this E.O.

This action would hold 275,000 lb in 2027 and 545,000 lb (in 2028 and 2029) of red grouper annual allocation in a quota pool for distribution to eligible IFQ accounts. Adverse economic effects to the commercial sector are not expected from this action because the entirety of the red grouper commercial quota would remain within the sector. Economic benefits would be expected to result from the quota pool because it directs quota towards accounts more likely to utilize allocation at a higher rate. Moreover, the evaluation of this pilot program is expected to result in recommendations that could improve the future management of IFQ programs in the Gulf. Based on this information, annual economic effects from this action are not expected to meet or exceed the $100 million threshold. Thus, this action has been determined to not be economically significant for the purposes of E.O. 12866

[26] See https://www.whitehouse.gov/wp-content/uploads/2025/08/CircularA-4.pdf

CHAPTER 6. INITIAL REGULATORY FLEXIBILITY ACT ANALYSIS FOR AMENDMENT 63 OF THE FISHERY MANAGEMENT PLAN FOR THE REEF FISH RESOURCES OF THE GULF

The purpose of the Regulatory Flexibility Act (RFA) is to establish a principle of regulatory issuance that agencies shall endeavor, consistent with the objectives of the rule and of applicable statutes, to fit regulatory and informational requirements to the scale of businesses, organizations, and governmental jurisdictions subject to regulation. To achieve this principle, agencies are required to solicit and consider flexible regulatory proposals and to explain the rationale for their actions to ensure such proposals are given serious consideration. The RFA does not contain any decision criteria; instead the purpose of the RFA is to inform the agency, as well as the public, of the expected economic effects of various alternatives contained in the regulatory action and to ensure the agency considers alternatives that minimize the expected economic effects on small entities while meeting the goals and objectives of the applicable statutes (e.g., the Magnuson-Stevens Fishery Conservation and Management Act [Magnuson-Stevens Act]).

With certain exceptions, the RFA requires agencies to conduct an initial regulatory flexibility analysis (IRFA) for each proposed rule. The IRFA is designed to assess the effects various regulatory alternatives would have on small entities, including small businesses, and to determine ways to minimize those effects. An IRFA is primarily conducted to determine whether the proposed regulatory action would have a significant economic effect on a substantial number of small entities. In addition to analyses conducted for the Regulatory Impact Review (RIR), the IRFA provides: 1) a description of the reasons why action by the agency is being considered; 2) a succinct statement of the objectives of, and legal basis for, the proposed regulatory action; 3) a description and, where feasible, an estimate of the number of small entities to which the proposed regulatory action will apply; 4) a description of the projected reporting, record-keeping, and other compliance requirements of the proposed regulatory action, including an estimate of the classes of small entities which will be subject to the requirements of the report or record; 5) an identification, to the extent practicable, of all relevant federal rules, which may duplicate, overlap, or conflict with the proposed rule; and 6) a description of any significant alternatives to the proposed regulatory action which accomplish the stated objectives of applicable statutes and would minimize any significant economic effects of the proposed regulatory action on small entities.

In addition to the information provided in this section, additional information on the expected economic effects of the proposed action is included in Chapter 4 and the RIR.

6.1 Statement of the need for, objective of, and legal basis for the proposed action

A discussion of the reasons why action by the agency is being considered is provided in Chapter 1. In summary, there is a need to test whether a quota pool may enhance economic profitability and reduce discards by improving access to Gulf red grouper annual allocation by fishermen engaged in the commercial harvest of red grouper and provide new opportunities for obtaining red grouper annual allocation.

The objective of this proposed regulatory action is to establish a three-year pilot commercial red grouper individual fishing quota (IFQ) quota pool and distribute the resulting annual allocation to eligible participants in the Grouper-Tilefish IFQ program. The Magnuson-Stevens Act provides the statutory basis for this proposed regulatory action. All monetary estimates in the following analysis are in 2024 dollars.

6.2 Description and estimate of the number of small entities to which the proposed action would apply

This proposed regulatory action would establish a three-year commercial quota pool for Gulf red grouper beginning in 2027. If the commercial quota annual catch target (ACT) is at or below 4.28 million pounds gutted weight (mp gw), the quota pool is set at zero percent of the commercial quota (zero pounds). If the commercial quota is above 4.28 million pounds gw, the quota pool would hold 50% of the commercial red grouper quota increase above 4.28 mp gw. This proposed regulatory action would also establish the following conditions of the quota pool: (1) In order to receive annual allocation from the quota pool, IFQ account holders must possess a valid or renewable federal commercial reef fish permit and have minimum red grouper landings during a two-year reference period of at least 500 lb gw, (2) 50% of the quota pool allocation will be distributed among active IFQ accounts with a valid or renewable commercial reef fish permit and qualifying red grouper landings within the reference period, but with no red grouper shares, (3) 50% of the quota pool allocation would be distributed among active IFQ accounts with a valid or renewable commercial reef fish permit, qualifying red grouper landings within the reference period, and with red grouper shares, (4) allocation would be distributed to all qualifying participants (with or without red grouper shares) proportionally based on red grouper landings, and (5) 10% of the quota pool allocation would initially be set aside for appeals and distributed, as appropriate, after any appeals are resolved.

This proposed establishment of a three-year commercial quota pool for Gulf red grouper beginning in 2027 would apply to all commercial fishing businesses that fish for Gulf red grouper in Federal waters and all commercial businesses that have Gulf IFQ accounts with red grouper shares. As discussed later, the action is expected to have varying effects on commercial fishing businesses and IFQ account holders depending on how many shares of red grouper they have as well as their red grouper landings histories. The proposed regulatory action would not apply to for-hire fishing businesses or recreational anglers. Therefore, these groups fall outside the scope of the RFA and are not described. Any change in the supply of Gulf red grouper

available for purchase by dealers as a result of this proposed regulatory action, and associated economic effects, would be an indirect effect of the proposed rule and would therefore fall outside the scope of the RFA.

The RFA requires National Marine Fisheries Service (NMFS) to describe the impact of the proposed rule on small entities (5 U.S.C. 603). Small entities include small businesses, small organizations, and small governmental jurisdictions (5 U.S.C. 601(3)-(6)).

As of July 8, 2021, the date of the most recent permit information available, there were 825 limited access valid or renewable reef fish permits. In order to commercially harvest red grouper, a vessel permit must also be linked to an IFQ account and possess sufficient allocation for this species. IFQ accounts can be opened, and valid permits can be linked to IFQ accounts at any time during the year. Eligible vessels can receive red grouper allocation from other IFQ participants. During 2020-2024, there were 324 federally permitted commercial vessels, on average each year, with reported landings of red grouper in the Gulf. Their average annual vessel-level gross revenue from all species for commercial Gulf red grouper vessels during 2020 through 2024 was approximately $137,779, and no single vessel in the affected fleet generated annual gross receipts exceeding $1.5 million. Red grouper landings accounted for approximately $46,599 (or 34%) of this revenue on average. Approximately 28.1% of this average annual gross revenue represents economic profits, or about $38,716 per vessel per year. Although many fishing businesses only own one permitted vessel, some hold or own multiple permits and vessels. Since comprehensive ownership data are currently unavailable for vessels harvesting Gulf red grouper, this analysis assumes that each of the 324 vessels is independently owned by a single business. This assumption likely results in an overestimate of the actual number of businesses directly regulated by this proposed regulatory action.

For consistency with the analysis in Chapter 4, this analysis uses the same 2023-2024 reference period to identify the number of IFQ accounts that would be eligible to participate in the quota pool. Because the qualifying period is a two-year rolling overage beginning in 2025-2026, the actual number of qualifying accounts may be more or less than those during this reference period. Based on IFQ account data and shareholder status in March 2026, coupled with a baseline landings reference period of 2023-2024, there were 632 IFQ accounts that held red grouper allocation and 446 (71%) that held red grouper shares. Additionally, 316 IFQ shareholder accounts possessed red grouper shares but did not report any landings of red grouper. These account holders either transferred red grouper allocation only or were inactive during 2023-2024. It is assumed that each of these accounts is independently owned by a single business as well. Revenue and cost data are not collected directly from IFQ shareholders; therefore, estimates of economic profits for the Gulf red grouper IFQ commercial fishing businesses that did not report landings are unavailable.

For RFA purposes only, NMFS has established a small business size standard for businesses, including their affiliates, whose primary industry is commercial fishing (see 50 CFR § 200.2). A business primarily engaged in commercial fishing (North American Industry Classification System [NAICS] code 11411) is classified as a small business if it is independently owned and operated, is not dominant in its field of operation (including its affiliates), and has combined annual receipts not in excess of $11 million for all its affiliated operations worldwide. All of the

commercial fishing businesses directly regulated by this proposed action are determined to be small entities based on the NMFS size standard.

6.3 Description of the projected reporting, record-keeping and other compliance requirements of the proposed action

This proposed regulatory action would not establish any new reporting, record-keeping, or other compliance requirements.

6.4 Identification of all relevant federal rules, which may duplicate, overlap or conflict with the proposed action

No duplicative, overlapping, or conflicting federal rules have been identified.

6.5 Significance of economic impacts on a substantial number of small entities

Substantial number criterion

If implemented, this proposed regulatory action is expected to directly affect 324 of the 825 vessels with commercial Gulf reef fish permits, or approximately 39% of those commercial fishing businesses. Additionally, this proposed regulatory action is expected to directly affect 316 IFQ shareholder accounts that possessed red grouper shares but did not report any landings of red grouper during the 2023-2024 reference period. All regulated commercial fishing businesses have been determined, for the purpose of this analysis, to be small entities. It is not currently feasible to accurately determine affiliations between vessels and IFQ accounts. Because of the incomplete ownership data, for purposes of this analysis, it is assumed each of these vessels and IFQ accounts is independently owned by a single business, which is expected to result in an overestimate of the actual number of businesses directly regulated by this proposed action. Thus, it is assumed this proposed action would regulate 640 commercial fishing businesses.

Significant economic effects: The outcome of "significant economic impact" can be ascertained by examining two factors: disproportionality and profitability.

Disproportionality: Do the regulations place a substantial number of small entities at a significant competitive disadvantage to large entities?

All entities directly regulated by this proposed regulatory action have been determined to be small entities. Thus, the issue of disproportionality does not arise in the present case.

Profitability: Do the regulations significantly reduce profits for a substantial number of small entities?

A detailed analysis of the economic effects associated with this proposed regulatory action can be found in Chapter 4 and Chapter 5. The following information summarizes that analysis and additionally, analyzes the effects of this proposed regulatory action on the profitability of small entities.

This proposed regulatory action would establish a three-year commercial quota pool for red grouper beginning in 2027. The allocation to be held in the pool would be 275,000 lb in 2027 and 545,000 lb in 2028 and 2029. The establishment of a red grouper quota pool would not affect red grouper shares or the aggregate amount of red grouper annual allocation available to harvest each year. However, in conjunction with the eligibility criteria to receive allocation from the quota pool and the methods used to distribute the annual allocation portions of this proposed regulatory action, the establishment of a quota pool would be expected to result in economic effects on specific subsets of participants in the grouper-tilefish IFQ program.

To fund the quota pool, this proposed regulatory action would deduct 275,000 lb gw in 2027 and 545,000 lb gw of red grouper in 2028 and 2029 from the commercial red grouper quota. To receive annual allocation from the quota pool, the proposed regulatory action requires a valid or renewable federal commercial reef fish permit and minimum red grouper landings of 500 lb gw during rolling two-year reference periods. For quota pool distributions in 2027, 2028, and 2029, the rolling reference periods are January 1, 2025, to December 31, 2026, January 1, 2026, to December 31, 2027, and January 1, 2027, to December 31, 2028. As noted above, because the reference periods extend into the future, it is not possible to determine the exact number of IFQ accounts eligible to receive red grouper annual allocation once the quota pool is established.

To estimate the potential economic magnitude of these impacts across all categories of regulated entities, this analysis uses the IFQ accounts red grouper share status as of 2026 and their landings history of red grouper from a 2023–2024 reference period. The average red grouper allocation market price from May 2026 – July 2026 of $0.51 per pound was also used from the Allocation Transfers Rolling Average from the Southeast Regional Office (SERO) Catch Share Programs - Public Home website.[27] The proposed regulatory action is expected to have economic effects on four distinct categories of IFQ account holders.

The first category consists of shareholder accounts with zero landings, comprising 316 accounts. Without a quota pool, these accounts would hold 3,303,302 lb of allocation valued at $1,684,684. Using the proposed 50/50 proportional distribution scenario, their allocation decreases to 3,115,266 lb valued at $1,588,765. This represents a total reduction of 188,036 lb, equivalent to a loss of $95,919 in allocation value. The average reduction per account would be 595 lb, or $304 per account. It is assumed that, based on their lack of landings, these entities primarily function as brokers or asset holders. However, caution must be exercised when interpreting these figures as net losses, because entities routinely maintain shareholdings in a separate account from the specific account linked to a vessel with valid or renewable permits for asset separation and fleet management purposes.

[27] https://secatchshares.fisheries.noaa.gov/getAllocationRollingAverage

The second category consists of shareholders with qualified red grouper landings that also meet or exceed the proposed 500-lb eligibility criteria. This comprises 86 accounts. Without a quota pool, these accounts hold 1,334,527 lb valued at $680,609. Using the proposed 50/50 proportional distribution, allocation to these accounts increases by 61,518 lb valued at $31,374. This represents an average increase of 715 lb or $365 per account. Within this category, 50 accounts are expected to experience an overall gain in allocation, whereas 36 accounts are expected to experience a net decrease because the quota withheld from their share ownership exceeds the amount regained through proportional pool distribution. Most of the shareholding accounts receiving less quota (61%) land less than 2,500 lb on average.

The third category consists of shareholders whose RG landings do not meet or exceed the proposed 500-pound eligibility criteria. These accounts hold shares of red grouper but only landed between 1 and 499 lb of red grouper during the 2023-2024 reference period. This is comprised of 44 accounts. Without the quota pool, these accounts hold shares of RG equivalent to 187,336 lb or $95,541. Under the quota pool, their allocation decreases to 176,670 lb valued at $90,102. This results in a total loss of 10,666 lb or -$5,440. The expected loss per account is estimated to be 242 lb or $124 per account.

The fourth category consists of non-shareholders with qualified red grouper landings that also meet or exceed the proposed 500-pound eligibility criteria. The fourth category has 126 accounts. Under the status quo without a quota pool, these accounts receive zero initial allocation. Under the proposed 50/50 proportional distribution, this group receives a total of 137,497 lb of allocation valued at $70,123. The average increase per account is estimated to be 1,091 lb or $557 per account.

These average nominal gains and losses must be interpreted with caution given the market conditions expected following the implementation of Amendment 62. Amendment 62 increases the commercial red grouper quota by 2.04 million lb in 2027. Historical observations show that quota utilization drops markedly following sizeable quota expansions, such as the 2016 increase where utilization fell from 60% in 2016 to 43% in 2017 and 31% in 2018. With a 2020–2024 average quota utilization rate of 89%, comparable declines in utilization could be expected. Consequently, due to current low allocation prices ($0.51 per pound), the expected surplus in the red grouper quota, and the fact that the totality of the commercial red grouper quota remains within the commercial sector, this proposed regulatory action to establish a quota pool is not expected to have significant impacts on the red grouper commercial fishery as a whole. The quota pool redirects allocation toward active harvesters who utilize it at a higher rate. However, the proposed regulatory action is expected to have negative impacts on a number of small entities as described above.

6.6 Description of the significant alternatives to the proposed action and discussion of how the alternatives attempt to minimize economic impacts on small entities

The following discussion describes the significant alternatives to the proposed regulatory action that were not selected by NMFS.

Three alternatives, including the no action alternative, and four sub-options were considered for the regulatory action to establish a commercial quota pool for red grouper.

The no action alternative would not establish a commercial red grouper quota pool and would continue to distribute 100% of the commercial quota based strictly on share ownership percentages. Therefore, it would not be expected to have any economic effects on any small entities. This alternative was not selected because it fails to achieve the purpose and need of testing whether a quota pool can enhance profitability and reduce discards by improving allocation access for Gulf red grouper IFQ participants.

The second alternative would establish a three-year commercial quota pool for Gulf red grouper beginning in 2027 and if the commercial quota (ACT) is above 2.79 million lb gw. If the commercial quota is at or below 2.79 million lb gw, the quota pool would be set at zero percent. If the commercial quota is above 2.79 million lb, the quota pool would hold a specified percentage of the commercial quota increase above 2.79 million lb, based on the sub-option selected. The second alternative contained 4 sub-options as follows: 15%, 20%, 25%, and 30%. Depending on the sub-option selected, the quota pool would hold from 306,000 lb to 612,000 lb in 2027 and from 387,000 lb to 774,000 lb in 2028 and 2029. This alternative was not selected because under this alternative the quota pool would be established when the quota is below the 4.28 million pounds ACT set forth in Amendment 62.

The third alternative would establish a three-year commercial quota pool beginning in 2027 if the commercial quota is above 4.28 mp gw. If the commercial quota is at or below 4.28 mp, the quota pool would be set at zero percent. If the commercial quota is above 4.28 mp, the quota pool would hold a specified percentage of the commercial quota increase above 2.79 mp, based on the sub-option selected. The third alternative contained 4 sub-options as follows: 15%, 20%, 25%, and 30%. Depending on the sub-option selected, the quota pool would hold 306,000 lb to 612,000 lb in 2027 and from 387,000 lb to 774,000 lb in 2028 and 2029. This alternative was not selected because, unlike the second alternative, there is a disconnect between the threshold to establish the quota pool, i.e., 4.28 million lb, and the base quota (2.79 mp) used to compute the amounts of annual allocation in the quota pool.

The no action alternative and two sub-options under the preferred alternative were considered for the regulatory action to establish the eligibility criteria for participation in the red grouper quota pool.

The no action alternative would not establish eligibility criteria for participation in the red grouper quota pool. This alternative was not selected because failing to establish eligibility criteria would allow non-harvesting accounts to receive quota pool allocations, contradicting the purpose and need of improving access for active commercial harvesters and reducing discards.

The first sub-option under the proposed eligibility criteria for the quota pool would require a minimum red grouper landing of 300 lb gw during a two-year reference period. Under this minimum threshold, 235 IFQ accounts (102 shareholding and 133 non-shareholding) would qualify and 344 shareholder accounts (316 with zero landings and 28 with landings under 300 lb

gw) and 53 non-shareholding accounts would not. The proposed action would qualify 212 IFQ accounts (86 shareholding and 126 non-shareholding) and disqualify 360 shareholding and 60 non-shareholding accounts do not qualify. Thus, the first sub-option option qualifies 23 additional IFQ accounts in total (16 more shareholding and 7 more non-shareholding accounts) and disqualifies 16 fewer shareholding accounts and 7 fewer non-shareholding accounts. This sub-option was not selected because a lower threshold allows accounts with minor incidental landings to participate, diluting the individual quota pool allocation available per account to active commercial harvesters relative to the proposed action.

The second sub-option would require a minimum red grouper landing of 1,000 lb gw during the two-year reference period. Under this minimum threshold, 188 IFQ accounts (79 shareholding and 109 non-shareholding) would qualify, while 367 shareholder accounts (316 with zero landings and 51 with landings under 1,000 lb gw) and 77 non-shareholding accounts would not. Compared to the proposed action, this second sub-option qualifies 24 fewer IFQ accounts in total (7 fewer shareholding and 17 fewer non-shareholding accounts) and disqualifies 7 additional shareholding accounts and 17 additional non-shareholding accounts. This sub-option was not selected because 500 lb is close to the average landings of a trip using vertical gear and, therefore, the 1,000-lb threshold would exclude 24 active harvesters that would otherwise qualify under the proposed action.

Two alternatives, including the no action alternative, and two sub-options were considered for the regulatory action to distribute quota pool allocation among eligible IFQ accounts.

The no action alternative would not distribute allocation held in the red grouper quota pool. This alternative was not selected because failing to distribute quota pool allocation would render the quota pool ineffective, leaving set-aside quota unharvested and failing to fulfill the objectives of the proposed rule.

The second alternative would distribute 60% of the quota pool to qualifying accounts but with no red grouper shares, and 40% to qualifying accounts with red grouper shares. The second alternative contained two sub-options for each category of accounts (shareholding and non-shareholding). These sub-options would either distribute the available quota pool allocation equally among qualifying accounts or proportionally based on red grouper landings during the qualifying period. Under the proposed quota pool and 500 lb minimum threshold, the equal distribution sub-options would provide qualifying non-shareholding accounts (126 accounts) with a total of 165,060 lb ($84,181), averaging 1,241 lb ($633) per account, while qualifying shareholding accounts (86 accounts) would receive a net gain of 34,010 lb ($17,345), averaging 334 lb ($170) per account. The sub-options that would distribute the available quota pool allocation proportional to shareholders and non-shareholders would provide qualifying non-shareholding accounts with a total of 164,994 lb ($84,147), averaging 1,241 lb ($633) per account, while qualifying shareholding accounts receive a net gain of 34,017 lb ($17,349), averaging 334 lb ($170) per account. The second alternative and sub-options were not selected because allocating 60% to non-shareholders imposes a higher set-aside loss burden on active shareholding harvesters, reducing their average net gain from 603 lb ($308) under a 50/50 split to 334 lb ($170) under a 60/40 split.

Under the proposed 50/50 quota pool split of the quota pool allocation and using 500 lb minimum qualifying threshold, the equal distribution sub-options would provide qualifying non-shareholding accounts (126 accounts) with a total of 137,466 lb ($70,108), averaging 1,034 lb ($527) per account (or 1,091 lb valued at $556 per account based on total group allocation), and qualifying shareholding accounts (86 accounts) with a net gain of 61,530 lb ($31,380), averaging 603 lb ($308) per account (or 715 lb valued at $365 per account). These equal distribution sub-options were not selected because dividing quota equally provides fixed amounts to all entities regardless of historical fishing activity and could result in distributing quota amounts to some accounts that exceed their harvesting capacity. In contrast, the proposed action varies individual account distributions based on fishing activity, ranging from 24 to 6,890 lb for non-shareholders and 45 to 10,526 lb for shareholders. The proposed action matches quota distribution to historical harvesting capacity and landings, mitigating the disadvantages on accounts with large quantities of landings that would be imposed under equal distribution.

CHAPTER 7. OTHER APPLICABLE LAWS

The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) (16 U.S.C. 1801 et seq.) provides the authority for management of stocks included in fishery management plans (FMP) in federal waters of the exclusive economic zone. However, management decision-making is also affected by a number of other federal statutes and executive directives designed to protect the biological and human components of U.S. fisheries, as well as the ecosystems that support those fisheries. Major laws and executive directives that affect federal fishery management decision-making include the Endangered Species Act (Section 3.2) and Executive Order (E.O.) 12866 (Regulatory Planning and Review, Chapter 5). Other applicable laws are summarized below.

7.1 Administrative Procedure Act (APA)

All federal rulemaking is governed under the provisions of the APA (5 U.S.C. Subchapter II), which establishes a "notice and comment" procedure to enable public participation in the rulemaking process. Among other things under the APA, the National Marine Fisheries Service (NMFS) is required to publish notification of proposed rules in the *Federal Register* and to solicit, consider and respond to public comment on those rules before they are finalized. The APA also establishes a 30-day wait period from the time a final rule is published until it takes effect, with some exceptions. Any proposed rule associated with Amendment 63 to the FMP Reef Fish Resources of the Gulf (Amendment 63) will have a request for public comments, which complies with the APA, and upon publication of the final rule, unless the rule falls within an APA exception, there will be a 30-day waiting period before the regulations are effective.

7.2 Information Quality Act (IQA)

The IQA (Public Law 106-443) effective October 1, 2002, requires the government to set standards for the quality of scientific information and statistics used and disseminated by federal agencies. Information includes any communication or representation of knowledge such as facts or data, in any medium or form, including textual, numerical, cartographic, narrative, or audiovisual forms (includes web dissemination, but not hyperlinks to information that others disseminate; does not include clearly stated opinions).

Specifically, the Act directs the Office of Management and Budget (OMB) to issue government wide guidelines that "provide policy and procedural guidance to federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information disseminated by federal agencies." Such guidelines have been issued, directing all federal agencies to create and disseminate agency-specific standards to: (1 ensure information quality and develop a pre-dissemination review process; (2 establish administrative mechanisms allowing affected persons to seek and obtain correction of information; and (3 report periodically to the OMB on the number and nature of complaints received.

Scientific information and data are key components of FMPs, amendments, and regulations, consistent with National Standard 2 of the Magnuson-Stevens Act, which requires the use of best

scientific information available. They should also properly reference all supporting materials and data and be reviewed by technically competent individuals. With respect to original data generated for FMPs and amendments, it is important to ensure that the data are collected according to documented procedures or in a manner that reflects standard practices accepted by the relevant scientific and technical communities. Data will also undergo quality control prior to being used by the agency and a pre-dissemination review. Amendment 63 is based on best scientific information available, and is consistent with the directives of the IQA.

7.3 Coastal Zone Management Act (CZMA)

Section 307(c)(1) of the federal CZMA of 1972 requires that all federal activities that directly affect the coastal zone be consistent with approved state coastal zone management programs to the maximum extent practicable. While it is the goal of the Council to have management measures that complement those of the states, federal and state administrative procedures vary and regulatory changes are unlikely to be fully instituted at the same time. The Council believes the actions in this plan amendment are consistent to the maximum extent practicable with the Coastal Zone Management Plans of Alabama, Florida, Louisiana, Mississippi, and Texas. Pursuant to Section 307 of the CZMA, this determination will be submitted to the responsible state agencies who administer the approved Coastal Zone Management Programs in the States of Alabama, Florida, Louisiana, Mississippi, and Texas.

7.4 National Historic Preservation Act

The National Historic Preservation Act (NHPA) of 1966, (Public Law 89-665; 16 U.S.C. 470 *et seq.*) is intended to preserve historical and archaeological sites in the United States of America. Section 106 of the NHPA requires federal agencies to evaluate the impact of all federally funded or permitted projects for sites listed on, or eligible for listing on, the National Register of Historic Places and aims to minimize damage to such places.

Historical research indicates that over 2,000 ships have sunk on the Federal Outer Continental Shelf between 1625 and 1951; thousands more have sunk closer to shore in state waters during the same period. Only a handful of these have been scientifically excavated by archaeologists for the benefit of generations to come[28]. Further information can be found at:

The proposed action does not adversely affect districts, sites, highways, structures, or objects listed in or eligible for listing in the National Register of Historic Places nor is it expected to cause loss or destruction of significant scientific, cultural, or historical resources. In the Gulf of America (Gulf), the *U.S.S. Hatteras*, located in federal waters off Texas, is listed in the National Register of Historic Places. Fishing activity already occurs in the vicinity of this site, but the proposed action would have no additional adverse impacts on listed historic resources, nor would they alter any regulations intended to protect them.

[28] http://www.boem.gov/Environmental-Stewardship/Archaeology/Shipwrecks.aspx

7.5 Executive Order 12612: Federalism

E.O. 12612 requires agencies to be guided by the fundamental federalism principles when formulating and implementing policies that have federalism implications. The purpose of the Order is to guarantee the division of governmental responsibilities between the federal government and the states, as intended by the framers of the Constitution. No federalism issues have been identified relative to the actions proposed in this document and associated regulations. Therefore, preparation of a Federalism assessment under E.O. 12612 is not necessary.

7.6 Executive Order 13089: Coral Reef Protection

The E.O. on Coral Reef Protection requires federal agencies whose actions may affect U.S. coral reef ecosystems to identify those actions, utilize their programs and authorities to protect and enhance the conditions of such ecosystems, and, to the extent permitted by law, ensure actions that they authorize, fund, or carry out do not degrade the condition of that ecosystem. By definition, a U.S. coral reef ecosystem means those species, habitats, and other national resources associated with coral reefs in all maritime areas and zones subject to the jurisdiction or control of the United States (e.g., federal, state, territorial, or commonwealth waters).

Regulations are already in place to limit or reduce habitat impacts within the Flower Garden Banks National Marine Sanctuary. Additionally, NMFS approved and implemented Generic Amendment 3 for Essential Fish Habitat (GMFMC 2005a) and Coral Amendment 9 (GMFMC 2018), which established additional habitat areas of particular concern (HAPCs) and gear restrictions to protect corals throughout the Gulf. There are no implications to coral reefs by the actions proposed in Amendment 63.

7.7 Small Business Act (SBA)

Enacted in 1953, the SBA requires that agencies assist and protect small-business interests to the extent possible to preserve free competitive enterprise. The objectives of the SBA are to foster business ownership by individuals who are both socially and economically disadvantaged; and to promote the competitive viability of such firms by providing business development assistance including, but not limited to, management and technical assistance, access to capital and other forms of financial assistance, business training, and counseling, and access to sole source and limited competition federal contract opportunities, to help firms achieve competitive viability. Because most businesses associated with fishing are considered small businesses, NMFS, in implementing regulations, must make an assessment of how those regulations will affect small businesses. Amendment 63 contains an assessment of how the regulations being implemented will affect small businesses.

7.8 Public Law 99-659: Vessel Safety

Public Law 99-659 amended the Magnuson-Stevens Act to require that an FMP amendment must consider, and may provide for, temporary adjustments (after consultation with the U.S.

Coast Guard and persons utilizing the fishery) regarding access to a fishery for vessels that would be otherwise prevented from participating in the fishery because of safety concerns related to weather or to other ocean conditions. No vessel would be forced to participate in Gulf fisheries under adverse weather or ocean conditions as a result of management regulations proposed in this amendment. No concerns have been raised by Gulf fishermen or by the U.S. Coast Guard that the proposed management measures directly or indirectly pose a hazard to crew or vessel safety under adverse weather or ocean conditions.

CHAPTER 8. LIST OF PREPARERS/AGENCIES CONSULTED

Name	Expertise	Responsibility
Assane Diagne, Gulf Council	Economist	Co-Team Lead – amendment development, Economic effects, Regulatory Impact Review
Rich Malinowski NMFS/SF	Fishery Biologist	Co-Team Lead – amendment development, physical and biological/ecological environments and effects, and administrative effects
Anabelle Suitor, Gulf Council	Anthropologist	Amendment development, introduction, management alternatives, social effects
Adam Stemle, NMFS/SF	Economist	Economic Environment and Regulatory Flexibility Act Analysis
Christina Package-Ward, NMFS/SF	Anthropologist	Social environment
Jessica Stephen, NMFS/SF	Limited Access Privilege Program	Amendment development, data analysis and administrative effects

Name	Discipline/Expertise	Role in EA Preparation
Mara Levy, NOAA GC	Attorney	Legal review
Alisha Gray, NMFS/SF	Fishery Biologist	Review
Alexandria Taylor, NMFS/SF	Fishery Biologist	Review
David Dale, NMFS/HC	EFH Specialist	Habitat review
Scott Sandorf, NMFS/SF	Regulatory Writer	Regulatory preparation and review
Dave Records, NMFS/SF	Economist	Economic review
Juan Agar, NMFS SEFSC	Economist	Economic review
Carrie Simmons, Gulf Council	Fishery Biologist	Review
John Froeschke, Gulf Council	Fishery Biologist	Review
Frank Helies, NMFS/SF	Fishery Biologist	Review
Dan Luers, NMFS/SF	Fishery Biologist	Review
Matthew Walia, NOAA OLE	Compliance Liaison	Review

NMFS = National Marine Fisheries Service, SF = Sustainable Fisheries Division, PR = Protected Resources Division, HC = Habitat Conservation Division, GC = General Counsel, OLE = Office of Law Enforcement

Agencies Consulted

- Environmental Protection Agency
- United States Coast Guard
- United States Fish and Wildlife Services
- Texas Parks and Wildlife Department
- Alabama Department of Conservation and Natural Resources/Marine Resources Division
- Louisiana Department of Wildlife and Fisheries
- Mississippi Department of Marine Resources
- Florida Fish and Wildlife Conservation Commission

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APPENDIX A. ACTION 3 EXAMPLE DISTRIBUTIONS USING A PROXY REFERENCE PERIOD

The tables and figures in this appendix illustrate how, following the range of alternatives in Action 3 in combination with the range of alternatives in Action 1 and 2, allocation could be distributed between shareholding and non-shareholding accounts based on current accounts and landings numbers from a proxy two-year period (2023-2024). The information in the tables does not represent the numbers of accounts and amount of allocation per account that would qualify for participation in the quota pool due to the use of different reference periods. These tables do not account for the 10% of the quota pool that would initially be withheld for appeals.

Tables A1-A10 illustrate the distribution of allocation to accounts using an equal distribution (Action 3, **Options a(i)** and **Options b(i)**) to participants in the shareholding and non-shareholding sub-pools. Tables A11-A13 and Figures A1-A3 illustrate the distribution of allocation to accounts using a proportional distribution (Action 3, **Options a(ii)** and **Options b(ii)**) to participants in the shareholding and non-shareholding sub-pools. None of these tables or figures in Appendix A use a combination of all preferred alternatives. Distribution using the proxy period based on a combination of all the preferred alternatives (Action 1, **Preferred Alternative 4, Preferred Option 4e**, Action 2, **Preferred Alternative 2, Preferred Option 2b**, Action 3, **Preferred Alternative 3, Preferred Options 3a(ii)** and **3b(ii)**) are available in Tables 2.3.1-2.3.2 in Section 2.3. The figures and tables of this appendix can be compared to the tables in Section 2.3.

Tables A1-A4 show the total amount of allocation in the quota pool and the amount available for distribution for each account if a 60/40 distribution was selected between non-shareholding and shareholding sub-pools and allocation was distributed equally to each member of the respective sub-pool, as in **Alternative 2, Option 2a(i)** and **Option 2b(i)**. These tables demonstrate the different values for the range of options in Action 1, **Alternative 2** and **Alternative 3** and in Action 2, **Preferred Alternative 2**.

Table A1. Numbers of accounts and allocation distribution (lb) between account types, 15% (Action 1, **Alternative 2** and **3**, **Options a**), 60/40 equal distribution (Action 3, **Alternative 2, Option 2a(i), Option 2b(i)).**

Action 1, Options 2a and 3a: 15% of quota increase above 2.79 mp gw						
Action 3, Alternative 2 (60/40 split), equal distribution (Option 2a(i) and 2b(i))						
	Action 2: Minimum Pounds					
	2a: 300 lb		**Preferred 2b: 500 lb**		**2c: 1000 lb**	
	No Shares	Shares	No Shares	Shares	No Shares	Shares
Account numbers	133	102	126	86	109	79
Quota Pool Allocation 2027	183,600	122,400	183,600	122,400	183,600	122,400
Allocation per account 2027	1,380	1,200	1,457	1,423	1,684	1,549
Quota Pool Allocation 2028, 2029	232,200	154,800	232,200	154,800	232,200	154,800
Allocation per account 2028, 2029	1,746	1,518	1,843	1,800	2,130	1,959

Table A2. Numbers of accounts and allocation distribution (lb) between account types, 20% (Action 1, **Alternative 2** and **3**, **Options b**), 60/40 equal distribution (Action 3, **Alternative 2, Option 2a(i), Option 2b(i)).**

Action 1, Options 2b and 3b: 20% of quota increase above 2.79 mp gw						
Action 3, Alternative 2 (60/40 split), equal distribution (Option 2a(i) and 2b(i))						
	Action 2: Minimum Pounds					
	2a: 300 lb		**Preferred 2b: 500 lb**		**2c: 1000 lb**	
	No Shares	Shares	No Shares	Shares	No Shares	Shares
Account numbers	133	102	126	86	109	79
Quota Pool 2027 Allocation	244,800	163,200	244,800	163,200	244,800	163,200
Allocation per account 2027	1,841	1,600	1,943	1,898	2,246	2,066
Quota Pool Allocation 2028, 2029	309,600	206,400	309,600	206,400	309,600	206,400
Allocation per account 2028, 2029	2,328	2,024	2,457	2,400	2,840	2,613

Table A3. Numbers of accounts and allocation distribution (lb) between account types, 25% (Action 1, Alternative 2 and 3, Options c), 60/40 equal distribution (Action 3, Alternative 2, Option 2a(i), Option 2b(i)).

Action 1, Options 2c and 3c: 25% of quota increase above 2.79 mp gw						
Action 3, Alternative 2 (60/40 split), equal distribution (Option 2a(i) and 2b(i))						
	Action 2: Minimum Pounds					
	2a: 300 lb		**Preferred 2b: 500 lb**		**2c: 1000 lb**	
	No Shares	Shares	No Shares	Shares	No Shares	Shares
Account numbers	133	102	126	86	109	79
Quota Pool Allocation 2027	306,000	204,000	306,000	204,000	306,000	204,000
Allocation per account 2027	2,301	2,000	2,429	2,372	2,807	2,582
Quota Pool Allocation 2028, 2029	387,000	258,000	387,000	258,000	387,000	258,000
Allocation per account 2028, 2029	2,910	2,529	3,071	3,000	3,550	3,266

Table A4. Numbers of accounts and allocation distribution (lb) between account types, 30% (Action 1, **Alternative 2** and **3**, **Options d**), 60/40 equal distribution (Action 3, **Alternative 2, Option 2a(i), Option 2b(i**)).

Action 1, Options 2d and 3d: 30% of quota increase above 2.79 mp gw						
Action 3, Alternative 2 (60/40 split), equal distribution (Option 2a(i) and 2b(i))						
	Action 2: Minimum Pounds					
	2a: 300 lb		**Preferred 2b: 500 lb**		**2c: 1000 lb**	
	No Shares	Shares	No Shares	Shares	No Shares	Shares
Account numbers	133	102	126	86	109	79
Quota Pool Allocation 2027	367,200	244,800	367,200	244,800	367,200	244,800
Allocation per account 2027	2,761	2,400	2,914	2,847	3,369	3,099
Quota Pool Allocation 2028, 2029	464,400	309,600	464,400	309,600	464,400	309,600
Allocation per account 2028, 2029	3,492	3,035	3,686	3,600	4,261	3,919

Tables A5-A8 show the total amount of allocation in the quota pool and the amount available for distribution for each account if a 50/50 distribution was selected between non-shareholding and shareholding sub-pools and allocation was distributed equally to each member of the respective sub-pool, as in **Preferred Alternative 3, Option 3a(i)** and **Option 3b(i)**. These tables

demonstrate the different values for the range of options in Action 1, **Alternative 2** and **Alternative 3** and in Action 2, **Preferred Alternative 2**.

Table A5. Numbers of accounts and allocation distribution (lb) between account types, 15% (Action 1, **Alternative 2** and **3**, **Options a**), 50/50 equal distribution (Action 3, **Preferred Alternative 3, Option 3a(i), Option 3b(i)**).

Action 1, Options 2a and 3a: 15% of quota increase above 2.79 mp gw						
Action 3, Preferred Alternative 3 (50/50 split), equal distribution (Option 3a(i) and 3b(i))						
	Action 2: Minimum Pounds					
	2a: 300 lb		**Preferred 2b: 500 lb**		**2c: 1000 lb**	
	No Shares	Shares	No Shares	Shares	No Shares	Shares
Account numbers	133	102	126	86	109	79
Quota Pool Allocation 2027	153,000	153,000	153,000	153,000	153,000	153,000
Allocation per account 2027	1,150	1,500	1,214	1,779	1,404	1,937
Quota Pool 2028, 2029	193,500	193,500	193,500	193,500	193,500	193,500
Allocation per account 2028, 2029	1,455	1,897	1,536	2,250	1,775	2,449

Table A6. Numbers of accounts and allocation distribution (lb) between account types, 20% (Action 1, **Alternative 2** and **3**, **Options b**), 50/50 equal distribution (Action 3, **Preferred Alternative 3**, **Option 3a(i), Option 3b(i)).**

Action 1, Option 2b and 3b: 20% of quota increase above 2.79 mp gw						
Action 3, Preferred Alternative 3 (50/50 split), equal distribution (Option 3a(i) and 3b(i))						
	Action 2: Minimum Pounds					
	2a: 300 lb		**Preferred 2b: 500 lb**		**2c: 1000 lb**	
	No Shares	Shares	No Shares	Shares	No Shares	Shares
Account numbers	133	102	126	86	109	79
Quota Pool Allocation 2027	204,000	204,000	204,000	204,000	204,000	204,000
Allocation per account 2027	1,534	2,000	1,619	2,372	1,872	2,582
Quota Pool Allocation 2028, 2029	258,000	258,000	258,000	258,000	258,000	258,000
Allocation per account 2028, 2029	1,940	2,529	2,048	3,000	2,367	3,266

Table A7 Numbers of accounts and allocation distribution (lb) between account types, 25% (Action 1, **Alternative 2** and **3**, **Options c**), 50/50 equal distribution (Action 3, **Preferred Alternative 3, Option 3a(i), Option 3b(i)).**

Action 1, Options 2c and 3c: 25% of quota increase above 2.79 mp gw						
Action 3, Preferred Alternative 3 (50/50 split), equal distribution (Option 3a(i) and 3b(i))						
	Action 2: Minimum Pounds					
	2a: 300 lb		**Preferred 2b: 500 lb**		**2c: 1000 lb**	
	No Shares	Shares	No Shares	Shares	No Shares	Shares
Account numbers	133	102	126	86	109	79
Quota Pool Allocation 2027	255,000	255,000	255,000	255,000	255,000	255,000
Allocation per account 2027	1,917	2,500	2,024	2,965	2,339	3,228
Quota Pool Allocation 2028, 2029	322,500	322,500	322,500	322,500	322,500	322,500
Allocation per account 2028, 2029	2,425	3,162	2,560	3,750	2,959	4,082

Table A8. Numbers of accounts and allocation distribution (lb) between account types, 30% (Action 1, **Alternative 2** and **3**, **Options d**), 50/50 equal distribution (Action 3, **Preferred Alternative 3, Option 3a(i), Option 3b(i)**).

Action 1, Options 2d and 3d: 30% of quota increase above 2.79 mp gw						
Action 3, Preferred Alternative 3 (50/50 split), equal distribution (Option 3a(i) and 3b(i))						
	Action 2: Minimum Pounds					
	2a: 300 lb		**Preferred 2b: 500 lb**		**2c: 1000 lb**	
	No Shares	Shares	No Shares	Shares	No Shares	Shares
Account numbers	133	102	126	86	109	79
Quota Pool Allocation 2027	306,000	306,000	306,000	306,000	306,000	306,000
Allocation per account 2027	2,301	3,000	2,429	3,558	2,807	3,873
Quota Pool Allocation 2028, 2029	387,000	387,000	387,000	387,000	387,000	387,000
Allocation per account 2028, 2029	2,910	3,794	3,071	4,500	3,550	4,899

Tables A9-10 display the allocation in the quota pool and the amount available for distribution for each account if a 50/50 distribution was selected between non-shareholding (Table A9) and shareholding (Table A10) sub-pools and allocation was distributed equally to each member of the respective sub-pool, as in **Preferred Alternative 3, Option 3a(i)** and **Option 3b(i)**. These

tables use the eligibility requirement of a minimum of 500 lb as in Action 2, **Preferred Alternative 2, Preferred Option 2b** and explore the different options available in Action 1, **Preferred Alternative 4**.

Table A9. Allocation distribution (lb) for Action 1, **Preferred Alternative 4**, between **non-shareholding accounts** who catch above 500 lb (Action 2, **Preferred Alternative 2, Preferred Option 2b**), 50/50 equal distribution (Action 3, **Preferred Alternative 3, Option 3a(i), Option 3b(i)**).

Action 1, Preferred Alternative 4, Options	**Option 4a: 15% of the commercial red grouper quota increase above 4.28 mp gw**	**Option 4b: 20% of the commercial red grouper quota increase above 4.28 mp gw**	**Option 4c: 25% of the commercial red grouper quota increase above 4.28 mp gw**	**Option 4d: 30% of the commercial red grouper quota increase above 4.28 mp gw**	**Preferred Option 4e: 50% of the commercial red grouper quota increase above 4.28 mp gw**
Quota Pool Allocation 2027	41,250	55,000	68,750	82,500	137,000
Allocation per account 2027	327	437	546	655	1,087
Quota Pool Allocation 2028, 2029	81,750	109,000	136,250	163,500	272,500
Allocation per account 2028, 2029	649	865	1,081	1,298	2,163

Table A10. Allocation distribution (lb) for Action 1, **Preferred Alternative 4**, between **shareholding accounts** who catch above 500 lb (Action 2, **Preferred Alternative 2, Preferred Option 2b**), 50/50 equal distribution (Action 3, **Preferred Alternative 3, Option 3a(i), Option 3b(i)**).

Action 1, Preferred Alternative 4, Options	**Option 4a: 15% of the commercial red grouper quota increase above 4.28 mp gw**	**Option 4b: 20% of the commercial red grouper quota increase above 4.28 mp gw**	**Option 4c: 25% of the commercial red grouper quota increase above 4.28 mp gw**	**Option 4d: 30% of the commercial red grouper quota increase above 4.28 mp gw**	**Preferred Option 4e: 50% of the commercial red grouper quota increase above 4.28 mp gw**
Quota Pool Allocation 2027	41,250	55,000	68,750	82,500	137,000
Allocation per account 2027	480	640	799	959	1,599
Quota Pool Allocation 2028, 2029	81,750	109,000	136,250	163,500	272,500
Allocation per account 2028, 2029	951	1,267	1,584	1,901	3,169

Tables A11-A13 display estimates of patterns of allocation distribution for the first year of the pilot program if allocation is distributed proportionally based on landings. Each of these tables assume that the quota pool is populated with the amount of allocation available in Action 1, **Alternative 3, Option 3b**. Table A11 provides a range of allocation that could be available for individual participants dependent upon the differing options in Action 2 and if allocation is divided to non-shareholding and shareholding sub-pools on a 50/50 basis, as in **Preferred Alternative 3, Preferred Options 3a(ii)** and **3b(ii)** or if divided between respective sub-pools on a 60/40 basis as in **Alternative 2, Options 2a(ii)** and **2b(ii).** Table A12-13 places accounts with shares and accounts without shares, respectively, into buckets constituting those with small, medium, and large landings and demonstrate if access to allocation could increase or decrease if Action 1, **Alternative 3, Option 3b,** Action 2, **Preferred Alternative 2, Preferred Option 2b**, and Action 3, **Preferred Alternative 3, Preferred Options 3a(ii)** and **3b(ii)** are selected.

Table A11. Range of amounts of allocation to be distributed to individual accounts, if Action 1, **Alternative 3, Option 3b** is selected.

	50/50 Scenario (Proportional)		60/40 Scenario (Proportional)	
	Without Shares	**With Shares**	**Without Shares**	**With Shares**
Min. 300	21 – 10,214	36 – 15,559	25 – 12,257	29 – 12,447
Min. 500	**36 – 10,222**	**66 – 15,617**	**43 – 12,266**	**53 – 12,493**
Min. 1,000	70 – 10,263	121 – 15,664	84 – 12,316	97 – 12,531

Table A12. The number of accounts with red grouper landings and shares who are expected to have increased or decreased access to allocation compared to not having the quota pool (Action 1, Alternative 1).

	50/50 Scenario (proportional)			
	Small Landings (<2,500 lb)	**Medium Landings (2,500 - 15,000 lb)**	**Large Landings (15,000+ lb)**	**Total Accounts**
Increase	7	17	26	50
Decrease	22	11	3	36

Table A13. The number of accounts with red grouper landings and no shares who are expected to have increased access to allocation.

	50/50 Scenario (proportional)			
	Small Landings (<2,500 lb)	**Medium Landings (2,500 - 15,000 lb)**	**Large Landings (15,000+ lb)**	**Total Accounts**
Increase	29	40	57	126

The bar charts below (Figures A1-A3) show patterns of allocation distribution if the quota pool is populated with 15% of the increase above 2.79 mp gw as in Action 1, **Alternative 2** and **3, Options** and allocation is split on a 60/40 basis between the non-shareholding and shareholding account sub-pools as in Action 3, **Preferred Alternative 3, Preferred Options 3a(ii)** and **3b(ii).** They show the distributions based on the eligibility options in Action 2. Each bar in the graph shows the number of participants who could have quota distributed in the ranges of 0-249, 250-499, 500- 999, 1000-2499, 2500-4999, 5000-7499, and 7500+.

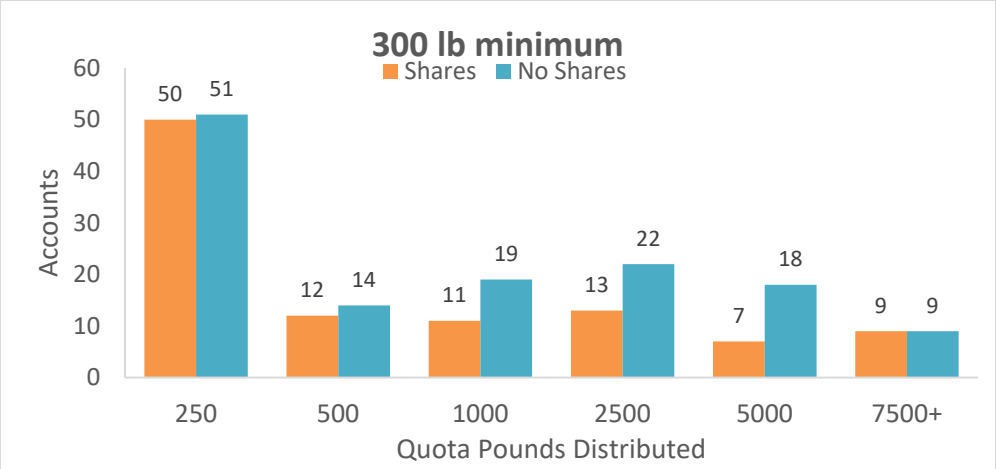


Figure A1. Proportional distribution if Action 1, **Alternative 2** and **3**, **Option a,** Action 2, **Option 2a**, and Action 3, **Option 2a(ii) and Option 2b(ii)** are selected, resulting in a 15% of the increase in the quota pool, a 300 lb minimum, and a 60/40 split

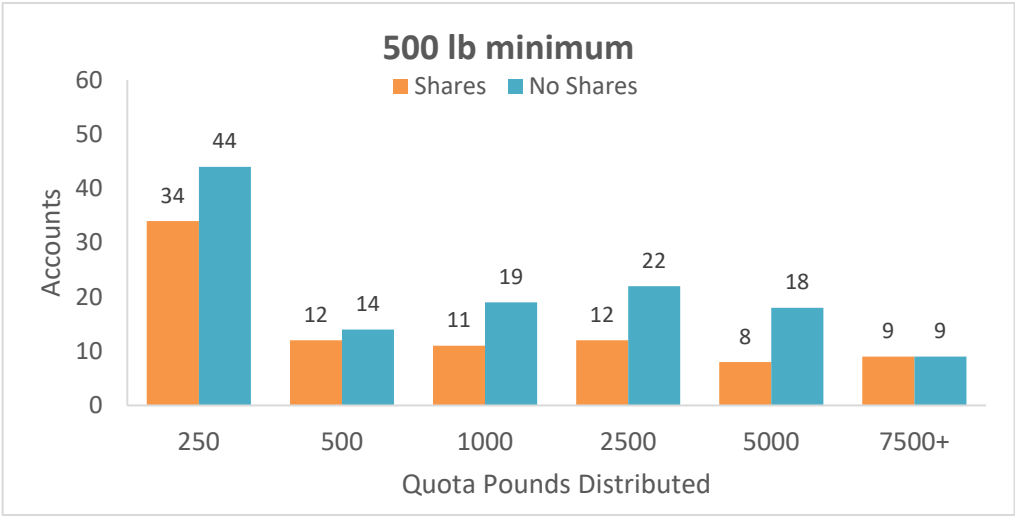


Figure A2. Proportional distribution if Action 1, **Alternative 2** and **3**, **Option a,** Action 2, **Preferred Option 2b**, and Action 3, **Option 2a(ii)** and **Option 2b(ii)** are selected, resulting in a 15% of the increase in the quota pool, a 500 lb minimum, and a 60/40 split.

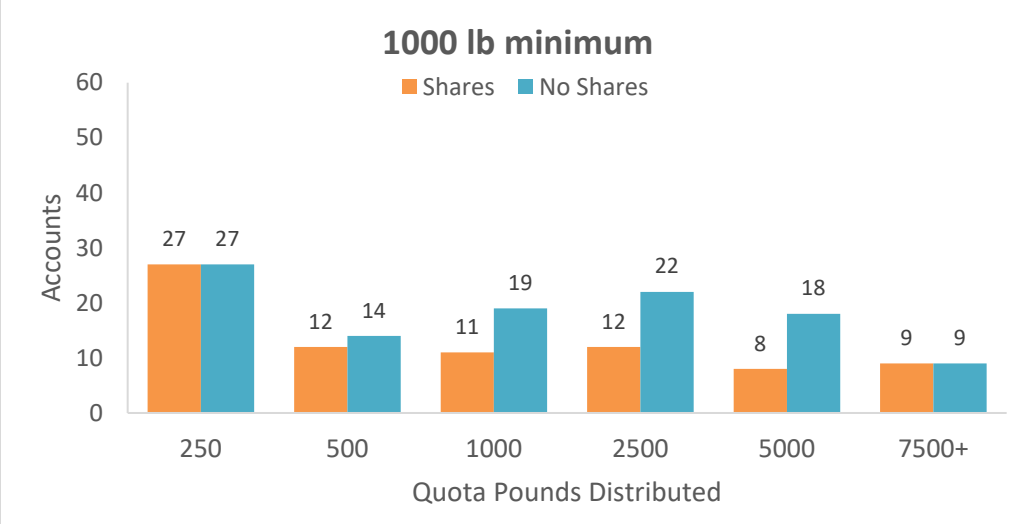


Figure A3 Proportional distribution if Action 1, **Alternative 2** and **3**, **Option a,** Action 2, **Option 2c**, and Action 3, **Option 2a(ii)** and **Option 2b(ii)** are selected, resulting in a 15% of the increase in the quota pool, a 1000 lb minimum, and a 60/40 split.

APPENDIX B. SUMMARY OF PUBLIC HEARING COMMENTS

Public Hearing Summary

Reef Fish Amendment 63: Red Grouper Commercial Quota Pool Under the Grouper/Tilefish Individual Fishing Quota Program

Virtual Meeting

May 13, 2026

Council / Staff
Mike Allen
John Sanchez
Assane Diagne
Anabelle Suitor
Emily Muehlstein
Leo Eguia
Verena Wang

13 Members of the public attended; 8 Members of the public spoke.

Bill Tucker - Commercial; Dunedin, Florida
He asked why the Council severely cut the TAC a decade ago, dropping the quota down by 60% and then brought it up. The fact that people can't catch fish now is a reflection on the stock and that the fish are not there. Those with skin in the game do not want this new quota increase. This amendment would take from someone and give to someone else. He suggested that the Council needs Commercial CPUE data to understand what is going on in the fishery, particularly historical vertical line CPUE, as this is where most fish have been caught. This amendment would screw up the incentives of the IFQ program. There's currently so much red grouper quota available; he practically gives it away. He thinks people should get skin in the game and the Council should not create dependency.

He emphasizes that this is not about access, but about a willingness to pay market price. The fishermen's finance program should help with that. This Amendment is not for new entrants. He wants the Council to take No Action. It will not help the IFQ program, but rather, will be a cancer to the program. This would pull quota out of the market and increase the cost and not increase profitability. He emphasized that the IFQ program depends on shareholders making decisions for the health of the fishery. When quota is increased beyond what it should be, it is rejected by commercial fishermen. There does not need to be new effort in the fishery. The Council has lost any historical knowledge about how the IFQ program was built in response to overcapacity in the fishery. He wants this Amendment to be Considered but Rejected.
He mentions that recreational fishery data is substandard.

Martin Fisher - Commercial; St. Petersburg, Florida
He expressed concern about the purpose and need, namely, he did not think there was an issue with bycatch/regulatory discards for red grouper. He stated that the quota pool program is not designed for new entrants, as it is taking quota away and giving to people who currently catch fish. He asked why the eligibility criteria in Action 2 was set so low. He does not understand where the impetus for this action is coming, as it is not making a pathway for new entrants and will benefit those who own shares. He is concerned about what happens when the fishery collapses and the quota is brought back to 2 million pounds. He prefers **Action 1, Alternative 1,** although if this does move forward, he prefers **Alternative 4** over **Preferred Alternative 3 and 2.**

He states that this Amendment would violate the Magnuson-Stevens Act, as the proposed changes would require a referendum because they are a fundamental change in the IFQ program. He mentions there is a problem with recreational fisheries data.

Jim Zurbrick - Commercial/Dealer; Steinhatchee, FL
He asked if there was a sense of how much of the quota of the quota pool will go to highliners and expressed that this action is not helping new entrants, but people who are catching red grouper now. He is a dealer and puts red grouper quota on people's boats. He used to give away red grouper allocation when the major increase occurred. He expressed that the AP didn't want to support any action on this amendment until the Council made progress on other ideas to improve access, including moving forward with Amendment 59. He supports helping the new guy. This Amendment helps the low producer and people who already catch fish.

Brian Lewis - Commercial; Clearwater, FL
In response to the Purpose and Need, he asked who is discarding red grouper? People discard gag because of a lack of quota, but not red grouper. It is a mystery who these people are. Previously, nothing was done about issues in the IFQ program. The program was developed because of overcapitalization. This won't solve any problems, will be a disruption in the fishery, and red grouper will become overfished. If there is an abundance, there will be plenty of quota available. This amendment would take quota and give to others when active commercial fishermen are struggling to catch fish. There are more questions than answers in this Amendment and it should be tabled. Some fishermen bought into this program, but some refuse to buy allocation. The fishermen who bought into the program will have their resources taken away. This is a waste of time and doesn't maintain the fishery.

Buddy Guindon - Commercial; Galveston, TX
He asked about the goals of this amendment. He stated that this is not creating new opportunities because red grouper shares and allocation are easily obtained because of the fluctuation in quota. This would redistribute the wealth in the fishery. It will take from some and give to those who already have quota. A highliner with boats in separate accounts will get most of the quota in the pool. A consequence of this amendment could be that people will no longer buy shares, until

they are sure that they can keep them. This amendment is currently just being used for a quota increase, but the Council might not limit it to increases in the future. This will set a precedent. The Council should not destabilize the IFQ program. The Executive Order is supposed to enhance fisheries and not destabilize them.

Tim Dillingham - Commercial; Naples, FL
He initially supported the increase but now he doesn't because the ACL has not been reached. He purchased shares worth more allocation twelve years ago when the commercial ACL was around 6 million, then his allocation was brought down by 60% when the quota dropped. He would qualify for the quota pool program but would not get all the allocation he had originally bought. He does not want this Amendment, as he will get more allocation for his business if it is not in place. He thinks the Council should stop having knee jerk reactions resulting in big swings in catch limits like reducing gag grouper by 80% and now doing the opposite with red grouper. These massive quota fluctuations are not good for the industry and create economic disaster. Red Grouper is very affordable now, and it is not a good idea to mess it up. He stopped buying shares recently as he and other fishermen are losing confidence in the IFQ program.

Mark Dube - Commercial; FL
He had concerns with the definition of new entrants and asked about the legality of Amendment 53. He drew attention to the fact that this Amendment would reduce the percentage of quota that shareholders receive. By taking a portion of quota away, this Amendment would reduce everyone's percentage of quota. Currently shareholders have 100% of quota, but with this amendment that would not be the case.

Ron Chicola - Commercial; LA
He stated that you know what you're going to get in the AP when most participants are shareholders, like in the Council, where most members represent the recreational industry. People act like they own fish. NOAA never monetized the fish, as you can't own a public resource. He got out of the fishery for this reason.

Virtual Meeting
May 14, 2026

Council/Staff
John Sanchez
Assane Diagne
Anabelle Suitor
Emily Muehlstein
Leo Eguia
Carrie Simmons

16 Members of the public attended; 9 Members of the public spoke.

Jason Delacruz – Commercial; Madeira Beach, FL
Commercial fishermen have always been conscientious and have come to the podium saying this quota increase is ridiculous. We're going to build a subset of commercial fisherman that don't care and align with how the recreational advocacy groups work to destroy this fishery. Current landings are only at 31% of 2.79 mp quota and we're not going to even come close to catching all these fish. NMFS will realize it was a mistake and cut quota again and many people will complain that they get cut out. There is no reason to not buy quota now. If you always want to be a renter, that's fair, but not fair to the people who chose to buy in. The vast majority of people who own quota keep their quota separate from their boats and will fall into the category of non-shareholders, and so will be the ones to benefit.

Karen Clayton – Commercial; Tampa Bay, FL
Agrees with Jason about there being opportunity to get into the business if they really want to. If people really want to get into the business, there's opportunity but they have to pay for it. There's very little you get for free in this life, but NMFS is just throwing that aside. Those that are promoting this are the only ones who will benefit. She supports **Action 1 Alternative 1, Action 2 Alternative 1, Action 3 Alternative 1.** There is no defined outline or plan as to how this will fully work and there are way too many questions to take to final action at this time.

Martin Fisher – Commercial; St. Petersburg, FL
He questioned the profitability of this quota pool, suggesting only $51,000 would be saved. What happens at the end of three years? You will actually have to take a share percentage away from shareholders to implement the quota pool. Say all the people who don't own shares catch all 200,000 lb then, NMFS will give the privilege to those people by making them shareholders. He believes the quota pool concept is built on a false premise. There are no issues with discards for red grouper other than regulatory discards. Maybe only a handful of people are discarding legal red grouper, however there is quota readily available. It's a false premise that this will improve profitability in the fishery. It's unrealistic that profitability will occur, especially when the agency knows the fish won't be caught. He supports **Action 1 Alternative 1, Action 2 Alternative 1, Action 3 Alternative 1**. He also mentioned his longevity in the commercial fishery, beginning in 1979 and being the Reef Fish AP chair for many years.

Steven Rash – Commercial; Apalachicola, FL
He owns 20 reef fish boats, holds shares, leases quota to and for boats and acts like a quota back for them because they can't lease quota themselves. Is the council aware that the economic benefit of this action is negligible? The unintended consequence will be that you will take quota from one shareholder with landings and give it to another shareholder with landings. Anything that the government gives to someone, it has to take from someone else. This applies to quota. Take shares from active, permit holding, landing fisherman and give it to someone else who has shares. It's extremely disappointing to see that the Gulf Council is further out in left field than he's seen in 43 years and is continually finagling with the IFQ program when there really isn't a problem. You can't cry and get a restaurant without paying for it, same for the IFQ. He remembers the Council discussing cyclical redistribution of IFQ, which is ludacris. The real issue is the exploding effort from recreational fishery, discard mortality for recreational fishery is a crime against nature. If the council really wants to help the fishery it needs to address the real issues. He wants Amendment 63 to be considered but rejected and supports **Action 1**

Alternative 1, Action 2 Alternative 1, Action 3 Alternative 1. He asked that the Council come back to the real issues: quota will be worthless next year with the increase, and this will absolutely destroy any profitability. Why give away something that is worthless? He also speculates that NMFS is increasing the red grouper quota to give recreational fishermen more opportunity to catch them. It's not a coincidence that science gave them a year-round season.

Trenton Knepp – Commercial; Sarasota, FL
He questions how we can get quota into the working man's hands. When there's a deduction it should be cut from the shareholders that aren't fishing. If the quota pool is implemented he would like the quota to be distributed at the beginning of the year because it's always hardest to buy quota right at the start of January. He keeps hearing shareholders say this will not help profitability but no value was meant to be set on the shares. Shareholders are extorting the fishermen, and fishermen have received threats for speaking up. Let the working man work. This program was never meant to be what it is now. They got their shares for free so, why do they deserve it more than the people who are working for it every day and continuing to pay. When a quota cut is made, it needs to come from the people not using it.

Bill Tucker – Commercial; Dunedin, FL
Is it possible for shareholders who sell their allocation to get quota? He hopes the unintended consequences identified are in fact unintended. He built longline boat when quota was high then, quota was then cut by 60% for everyone. There was not enough for some people to get by, and he had to sell that boat. He also sold allocation to offset losses his losses. Other people needed it more than he did at the time. He gave up a lot for the fishery. Guys that need the quota will have to sell their boats this time. The council is picking winners and losers. We can't catch the small quota we have because the fish are not there. There is a lack of CPUE data in SEDAR 88 Table 2 and no CPUE data for vertical longline since 2009. CPUE data is the voice of the fishermen and that index is being left out. Does CPUE support the catch increase? He thinks it's a huge mistake to move forward without that data. The quality of effort is different than it was 15 years ago. Years of increasing technological availability, and a flat CPUE likely indicates a decrease in the availability of fish. This is not a jobs program; it's about controlling effort. The Council lost sight of the point of this program. Recreational fishermen are the problem compared to commercial fishermen who are trying to be conservative. If you take allocation away from shareholders to give to other people, why isn't that going to increase discards on the other end of the spectrum? If there is a need for people to get quota, why is there no one in the marketplace looking to buy? This is nothing more than social engineering and the council is picking winners and losers.

Brian Lewis – Commercial; Clearwater, FL
He echoes almost exactly what everyone is saying about this. 27 years ago, he had a fishing vessel with history and had the ability to get quota. He sold his boat and permit and the guy who bought the boat got to reap the rewards of the IFQ program. He remembers the grouper buyout program and thought that was a preposterous proposal. People crying now should think about that. He had to start from the beginning after the start of the IFQ program, shares were cheaper then. He owns shares now because of the hard work he put into it. This program is not a good idea. We don't need the quota increase; it will drive the price down. His vessel is solely dependent on red grouper after losing Gag. He is not in favor of this and supports **Action 1**

Alternative 1, Action 2 Alternative 1, Action 3 Alternative 1. People need access to capital to buy quota and the IFQ loan program is not great for everyone. Fishermen need to be recognized like farmers to have banks provide opportunities. There are plenty of people who don't want to buy quota. Seek other options to increase profitability.

Jim Zurbrick – Commercial; Steinhatchee, FL
He reminds everyone that IFQ AP recommended no action be taken on this amendment. Amendment 59 should be looked into first. There are people that will never buy, no matter the cost.

Jesse Baughman– Commercial; Naples, FL
At this time, with the USDA there are no programs or grants for people that live in areas with 50,000 people or more. This excludes all working waterfronts. She encourages folks to write letters to senators to get policy changed within USDA because they're not farmers, they're wild seafood dealers. Fishermen need to get the farm bill changed. She is not sure why the quota is increasing overall.

Written Comment Summary

November 2025 – May 26, 2026

12 Public Hearing video views.
13 comments received.

- Mixed support for Amendment 63 with some supporting increased quota access for non-shareholders and others opposing the quota pool because red grouper allocation is readily available and cheap.
- The Council should focus on tightening eligibility for the quota pool, including limiting participation to active fishermen with recent catch history and small IFQ share ownership.
- Support for revising quota pool triggers and timing, including delaying implementation to 2028 and setting the quota pool allocation to 0% when the commercial quota falls below 4.9 million pounds.
- Reclaimed NOAA Fisheries shares from Amendment 36A should be added to the quota pool and allocation should be distributed equally among qualifying participants. Future allocation to the quota pool should only come from reclaimed IFQ shares following Amendments 59A and 59B.
- Concern the stock assessment does not accurately reflect red grouper abundance, as commercial quota is not being met, and management reforms should address recurring boom-and-bust cycles.
- Support for expanding the quota pool concept to other IFQ species such as red snapper, where allocation costs and discard mortality are more significant.

21 anonymous voicemails received.

- Many respondents expressed strong opposition to the IFQ system as a whole suggesting that shareholders are making all the money, extort the fishermen, and the system is corrupt and fraudulent. Non-shareholders have no voice in the Council or the IFQ AP.
- Support for providing IFQ reallocation to fishermen who don't own shares and can't compete because all their profit is lost buying IFQ allocation.
- Some opposition to Amendment 63 focusing on its irrelevance given the cheap cost of red grouper allocation and concern for stock health.
- Mixed opinions if Amendment 63 is consistent with the Restoring American Seafood Competitiveness Executive Order.